

Final Terms dated: 21 August 2013

**HSBC Bank plc**  
**Programme for the Issuance of Notes and Warrants**  
**Issue of GBP 1,900,000**

**Notes linked to Eukairos Investments Ltd Class A Preference Shares Series 175**

**PART A – CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 24 June 2013 in relation to the above Programme, together with each supplemental prospectus relating to the Programme published by the Issuer after 24 June 2013 but before the issue date or listing date of the Notes, whichever is later, to which these Final Terms relate which together constitute a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. However, a summary of the issue of the Notes and with the terms and conditions of the Preference Shares (as defined below) are annexed to these Final Terms.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing during normal business hours at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

- |   |   |
|---|---|
| 1. Issuer:  | HSBC Bank plc   |
| 2. Tranche Number:  | 1   |
| 3. Settlement Currency:                                     | Pounds Sterling (" <b>GBP</b> ")  |
| 4. Aggregate Principal Amount of Notes admitted to trading: |   |
| (i) Series:   | GBP 1,900,000   |
| (ii) Tranche:   | GBP 1,900,000   |
| 5. Issue Price:   | 100 per cent. of the Aggregate Principal Amount   |
| 6. (i) Denomination(s):                                     | GBP 1.00  |
| (ii) Calculation Amount:                                    | GBP 1.00  |
| 7. Issue Date:  | 23 August 2013  |
| 8. Maturity Date:   | 23 August 2019 or, if later, the second Business Day following the Valuation Date or, if the Preference Shares become subject to an Auto-Call Trigger Event (as defined in the terms and conditions of the Preference Shares), on |

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or about:

(i) in the year 2015, 24 August 2015

(ii) in the year 2016, 23 August 2016

(iii) in the year 2017, 23 August 2017

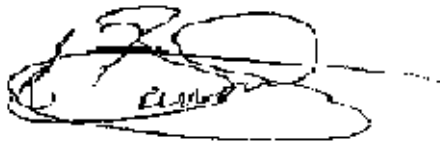
(iv) in the year 2018, 23 August 2018

9. Type of Notes (for the purposes of Redemption): Autocallable Redemption Notes
10. Preference Share provisions:
- (i) Preference Shares: Eukairos Investments Ltd Class A Preference Shares Series 175
  - (ii) Index: FTSE™ 100 Index
  - (iii) Exchange: London Stock Exchange
  - (iv) Related Exchange: LIFFE
  - (v) Initial Valuation Date: Issue Date
  - (vi) Valuation Date: 8<sup>th</sup> (eighth) Business Day following the Preference Share Valuation Date
  - (vii) Preference Share Valuation Date: 9 August 2019 or, if the Preference Shares become subject to an Auto-Call Trigger Event (as defined in the terms and conditions of the Preference Shares), on or about:
    - (i) in the year 2015, 10 August 2015
    - (ii) in the year 2016, 9 August 2016
    - (iii) in the year 2017, 9 August 2017
    - (iv) in the year 2018, 9 August 2018
  - (viii) Extraordinary Event: Condition 4 (d) applies. The following Extraordinary Events apply: Insolvency, Merger Event and Tender Offer
  - (ix) Additional Disruption Event: Condition 4(e) applies. The following Additional Disruption Events apply: Change in Law and Insolvency Filing
11. Form of Notes:
- (i) Form of Notes: Bearer Notes
  - (ii) Bearer Notes exchangeable for Registered Notes: No
12. If issued in bearer form: Applicable
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: Temporary Global Note

- |       |  |  |
|-------|--|--|
| (ii)  | Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:  | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only in limited circumstances specified in the Permanent Global Note |
| (iii) | Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer a material disadvantage following a change of law or regulation: | Yes  |
13. Exchange Date for exchange of Temporary Global Note: Not earlier than 40 days after the Issue Date
14. If issued in registered form: Not Applicable
15. Payments:
- |      |                                |        |
|------|--------------------------------|--------|
| (i)  | Business Centre(s):            | London |
| (ii) | Relevant Financial Centre Day: | London |
16. Redenomination: Not Applicable

**CONFIRMED**

**HSBC BANK PLC**



By: .....

*Authorised Signatory*

Date: .....

## **PART B – OTHER INFORMATION**

### **1. LISTING**

- (i) Listing: Application will be made to admit the Notes to listing on the Official List of the United Kingdom Financial Conduct Authority. No assurance can be given as to whether or not, or when, such application will be granted.
- (ii) Admission to trading: Application will be made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc. No assurance can be given as to whether or not, or when, such application will be granted.

### **2. RATINGS**

Ratings: The Notes are not rated.

### **3. REASONS FOR THE OFFER AND USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES AND TAXES SPECIFICALLY CHARGED TO THE SUBSCRIBER OR PURCHASER**

- (i) Reasons for the offer and use of proceeds: Not applicable
- (ii) Estimated net proceeds: Not required to be disclosed
- (iii) Estimated total expenses and taxes specifically charged to the subscriber or purchaser: Not required to be disclosed

### **4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the Dealer(s), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue/offer. The Dealer(s) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

### **5. INFORMATION ON THE UNDERLYING**

Information on past and future performance and volatility of the Index can be obtained from the website of the Financial Times Limited or Bloomberg Page UKX <index>.

### **DISTRIBUTION**

- 6. (i) If syndicated, names and addresses of Dealers and underwriting commitments: Not Applicable
- (ii) Date of subscription agreement: Not Applicable
- (iii) Indication of the overall amount of the underwriting commission and of the placing commission: Not Applicable

1.1 If non-syndicated, name and address of Dealer:	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom
7. TEFRA Rules applicable to Bearer Notes:	TEFRA D Rules
8. Public Offer:	Applicable
(i) Details of the Public Offer:	An offer of this Tranche of Notes may be made by the Dealers and Walker Crips Structured Investments (being a division within Walker Crips Stockbrokers Limited) (the " <b>Authorised Offeror</b> ") other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom only (the " <b>Public Offer Jurisdiction</b> ") during the period from and including 22 July 2013 until but excluding 6 August 2013 (the " <b>Offer Period</b> ").
(ii) Conditions attached to the consent to use the Prospectus:	Not Applicable

#### OPERATIONAL INFORMATION

9. ISIN Code:	XS0952920543
10. Common Code:	095292054
11. SEDOL:	Not Applicable
12. Clearing System:	Euroclear
13. Delivery:	Delivery against payment
14. Principal Paying Agent/Registrar/Issue Agent/Transfer Agent:	HSBC Bank plc
15. Additional Paying Agent(s) (if any):	Not Applicable
16. Common Depositary:	HSBC Bank plc
17. Calculation Agent:	HSBC France

## TERMS AND CONDITIONS OF THE OFFER

- |     |  |   |
|-----|--|---|
| 18. | Offer Price:   | Issue Price   |
| 19. | Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer: | Final Terms specifying the Aggregate Principal Amount of the Notes will be (i) sent to the document viewing facility to be filed with the FCA and (ii) published on the Issuer's website (www.hsbc.com) on or about the Issue Date  |
| 20. | The time period, including any possible amendments, during which the offer will be open:   | Offer Period  |
| 21. | Conditions to which the offer is subject:  | Not Applicable  |
|     | Description of the application process:  | <p>A prospective investor should contact the Authorised Offeror during the Offer Period. A prospective investor will subscribe for the Notes in accordance with the arrangements existing between the Authorised Offeror and its customer relating to the subscription of securities generally and not directly with the Issuer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than the United Kingdom wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> |
| 22. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:  | Not Applicable  |
| 23. | Details of the minimum and/or maximum amount of application:   | Not Applicable  |
| 24. | Details of the method and time limits for paying up the securities and delivering of the securities:   | Prospective Noteholders will be notified by the Authorised Offeror of their allocations of Notes and the settlement arrangements in respect thereof. The Notes will be issued on the Issue Date on a delivery against payment basis.  |
| 25. | Manner in and date on which results of the offer are to be made public:  | <p>The Aggregate Principal Amount of the Notes will be known at the end of the Offer Period.</p> <p>Final terms specifying the Aggregate Principal Amount of the Notes will be (i) sent to the document viewing facility to be filed with the FCA and (ii) published on the Issuer's website (www.hsbc.com) on or about the Issue Date</p>  |
| 26. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:                           | Not Applicable  |
| 27. | Whether tranche(s) have been   | Not Applicable  |

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reserved for certain countries:

- |     |   |   |
|-----|---|---|
| 28. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:   | At the end of the Offer Period, the Authorised Offeror will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes. |
| 29. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:   | Not Applicable  |
| 30. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:  | Walker Crips Stockbrokers Limited, Finsbury Tower, 103-105 Bunhill Row, London, EC1 8LZ   |
| 31. | Name and address of any paying agents and depositary agents in each country:  | Not Applicable  |
| 32. | Name and address if the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: | Not Applicable  |

## ANNEX

### ADDITIONAL PROVISIONS NOT REQUIRED BY THE SECURITIES NOTE RELATING TO THE UNDERLYING

**The following Index disclaimer is applicable in respect of the FTSE<sup>TM</sup> 100 Index, as agreed between the Index Sponsor and the Issuer:**

Neither the Notes nor the Preference Shares are in any way sponsored by FTSE International Limited ("FTSE") or by The London Stock Exchange plc (the "Exchange") or by The Financial Times Limited ("FT") and neither FTSE or Exchange or FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE<sup>TM</sup> 100 Index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated solely by FTSE. However, neither FTSE or Exchange or FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein.

"FTSE<sup>TM</sup>" and "Footsie<sup>TM</sup>" are trademarks of The London Stock Exchange plc and The Financial Times Limited and are used by FTSE International Limited under licence.

The following are the completed terms and conditions of the Preference Shares:



## Preference Share Terms and Conditions for EIS 175

The following are the terms and conditions (the "**Conditions**") of the Series 175 Index linked redeemable preference shares (the "**Preference Shares**") issued by Eukairos Investments Ltd (the "**Company**") on 21 August 2013. Terms not otherwise defined have the meanings given in Condition 1 (*Definitions*) below. References to a numbered Condition shall be to such numbered section of the Conditions.

In the event of any inconsistency between the Articles and the Conditions, the Conditions shall prevail.

### 1. **Definitions**

"**Adjustment Provisions**" means all relevant provisions of these Conditions which provide for any adjustment, delay, modification, cancellation or determination in relation to an Index, the valuation procedure for an Index or the Preference Shares. This shall include the provisions of Condition 11 (*Calculation Agent Modifications*) and all subsequent Conditions.

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly the First Entity, or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of the majority of the voting power of an entity.

"**Articles**" means the Memorandum of Association and Articles of Association of the Company, as may be amended, supplemented or otherwise modified from time to time.

"**Associated Costs**" means, in respect of each Preference Share, an amount (subject to a minimum of zero) equal to its *pro rata* share (calculated on the basis of the proportion of the aggregate number of Preference Shares outstanding as at the Early Preference Share Valuation Date) as determined by the Calculation Agent of:

- (a) the total amount of any and all costs associated with or incurred by or to be incurred by the Company or the Calculation Agent in connection with or arising as a result of the redemption of the Preference Shares occurring on the Early Preference Share Redemption Date rather than the Final Preference Share Redemption Date, all as determined by the Calculation Agent;
- (b) without duplication, an amount which the Calculation Agent determines is appropriate in the context of any Related Financial Product to take into account the total amount of any and all actual and anticipated costs associated with or expected to be incurred by the issuer and/or Hedging Counterparty in relation to any Related Financial Product, in each case in connection with or arising as a result of the redemption of the Preference Shares occurring on the Early Preference Share Redemption Date rather than the Final Preference Share Redemption Date, including, without limitation, any funding related costs and any costs associated with unwinding the Related Financial Product and/or any hedge positions relating to such Related Financial Product, all as determined by the Calculation Agent by reference to such source(s) as it determines appropriate; and
- (c) without duplication, any other fees and expenses payable by the Company which are attributable to the Preference Shares, all as determined by the Calculation Agent.

"**Auto-Call Trigger Event**" means an event which occurs if, in the determination of the Calculation Agent, the Index Performance as of the Valuation Time on an Auto-Call Valuation Date is greater than or equal to the relevant Auto-Call Trigger Level.

"**Auto-Call Trigger Level**" means the level set out below for the relevant Auto-Call Valuation Date (i.e. as shown in the same row as that date):

<b>Auto-Call Valuation Date</b>	<b>Auto-Call Trigger Level</b>	<b>Auto-Call Trigger Rate</b>
10 August 2015	100.00%	115.00%
9 August 2016	100.00%	122.50%
9 August 2017	100.00%	130.00%
9 August 2018	100.00%	137.50%

"**Auto-Call Trigger Rate**" means the applicable percentage in respect of the relevant Auto-Call Valuation Date on which an Auto-Call Trigger Event has occurred as set out in the definition of Auto-Call Trigger Level above (i.e. as shown in the same row as that date).

"**Auto-Call Valuation Date**" means, in respect of an Index and subject to the Adjustment Provisions, each day specified as such in the definition of Auto-Call Trigger Level, or if any such day is not a Scheduled Trading Day in respect of an Index, the immediately following Scheduled Trading Day in respect of an Index.

"**Barrier Level**" means 50.00 per cent.

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

"**Calculation Agent**" means HSBC France.

"**Call and Put Period**" means the period commencing on and including the Issue Date to and including the day after 23 August 2013 or, if such date is not a Business Day, the next following Business Day.

"**Call and Put Redemption Amount**" means GBP 1 per Preference Share.

"**Clearing System Business Day**" means in relation to an Index, any day on which the principal domestic clearing systems customarily used for settling trades in securities comprising such Index is (or, but for the occurrence of an event beyond the control of the Company or the Hedging Counterparty as a result of which such clearing system cannot clear the transfer of such securities, would have been) open for the acceptance and execution of settlement instructions.

"**Disrupted Day**" means, in respect of an Index, any Scheduled Trading Day in respect of such Index on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Index has occurred.

"**Early Closure**" means the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange(s) or Related Exchange(s) system for execution at the Valuation Time on such Exchange Business Day.

"**Early Preference Share Redemption Amount**" means, subject to the provisions of the Articles and the Conditions, in respect of each Preference Share, an amount expressed in the Settlement Currency calculated by the Calculation Agent as the fair market value (calculated without taking into account the creditworthiness of the Company) of a Preference Share as of the Early Preference Share Valuation Date taking into account such factor(s) as the Calculation Agent determines appropriate, including, but not limited to, the relevant Early Preference

Share Redemption Event after deducting any Associated Costs (to the extent not already reflected in such fair market value).

**"Early Preference Share Redemption Date"** means the day falling ten Business Days after the Early Preference Share Valuation Date.

**"Early Preference Share Redemption Event"** means the event that occurs if:

- (a) the Calculation Agent determines that for reasons beyond the Company's control, the performance of the Company's obligations under the Preference Shares has become illegal or impractical in whole or in part for any reason; or
- (b) any event occurs in respect of which the Adjustment Provisions provide the Preference Shares may be cancelled or redeemed; or
- (c) a change in applicable law or regulation occurs that in the determination of the Calculation Agent results, or will result, by reason of the Preference Shares being outstanding, in the Company being required to be regulated by any additional regulatory authority, or being subject to any additional legal requirement or regulation or tax considered by the Company to be onerous to it; or
- (d) the Company is notified by any issuer or obligor of a Related Financial Product that such Related Financial Product has become subject to early redemption.

**"Early Preference Share Redemption Notice"** means a notice of early redemption of some or all of the Preference Shares given by or on behalf of the Company in accordance with Condition 6 (*Notices*).

**"Early Preference Share Valuation Date"** means the date specified as such in the relevant Early Preference Share Redemption Notice which shall fall not less than one day and not more than 180 days following the day such Early Preference Share Redemption Notice is given. The Early Preference Share Redemption Notice may provide that such date is subject to adjustment in accordance with certain disruption or adjustment events, as determined by the Calculation Agent.

**"Exchange"** means, in respect of an Index, the exchange or quotation system specified as such in relation to such Index in the definition of Indices below, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the components of such Index have temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such components as on the original Exchange).

**"Exchange Business Day"** means, in respect of an Index any Scheduled Trading Day in respect of such Index on which the relevant Exchange and any relevant Related Exchange for such Index are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values, on any relevant Exchange(s) for securities that comprise 20 per cent. or more of the level of the Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**"Final Index Level"** means, in respect of an Index and subject to the Adjustment Provisions, the Index Level of such Index at the Valuation Time on the Valuation Date for such Index, or for the purposes of determining whether an Auto-Call Trigger Event has occurred on any Auto-Call Valuation Date for such Index, the Index Level of such Index at the Valuation Time on the relevant Auto-Call Valuation Date for such Index.

**"Final Index Performance"** means the Index Performance in respect of the Valuation Date.

**"Final Preference Share Redemption Amount"** means, subject to the provisions of the Articles and the Conditions, in respect of each Preference Share, an amount expressed in the Settlement Currency determined by the Calculation Agent equal to the Notional Amount multiplied by:

- (a) if an Auto-Call Trigger Event has occurred:  
the relevant Auto-Call Trigger Rate; or
- (b) if an Auto-Call Trigger Event has not occurred, and:
  - (i) if the Final Index Performance on the Valuation Date is greater than or equal to the Final Trigger Level: 145.00 %; or
  - (ii) if the Final Index Performance on the Valuation Date is less than the Final Trigger Level and:
    - (A) if the Final Index Level on the Valuation Date is greater than or equal to the product of (x) the Initial Index Level and (y) the Barrier Level: 100%; or
    - (B) if the Final Index Level on the Valuation Date is less than the product of (x) the Initial Index Level and (y) the Barrier Level: the Final Index Performance.

**"Final Preference Share Redemption Date"** means the date that falls twenty Business Days following the Valuation Date on which the Calculation Agent has determined the Final Preference Share Redemption Amount or, if earlier, the first Auto-Call Valuation Date on which an Auto-Call Trigger Event has occurred.

**"Final Trigger Level"** means 100.00%

**"Hedging Counterparty"** means HSBC Bank plc or any Affiliate of HSBC Bank plc or any other party (i) providing the Company directly or indirectly with hedging arrangements in relation to the Preference Shares and/or (ii) providing or entering into hedging arrangements in relation to any Related Financial Product (and which may, without limitation, be the principal obligor of a Related Financial Product).

**"Indices"** means, subject to Adjustment Provisions, the following indices (and each an **Index**)

<b>Index</b>	<b>Exchange</b>	<b>Related Exchange</b>	<b>Initial Index Level</b>
FTSE™ 100 Index	London Stock Exchange	LIFFE	6583.39

**"Index Level"** means, in respect of any day and an Index and subject to the Adjustment Provisions, the closing level of such Index at the Valuation Time on such day, all as determined by the Calculation Agent.

**"Initial Index Level"** means, in respect of an Index, the level specified as such in the definition of Indices above, being the Index Level for such Index on the Strike Date for such Index.

**"Index Performance"** means, in relation to an Index and an Auto-Call Valuation Date or the Valuation Date, as the case may be, a percentage calculated by the Calculation Agent in respect of such date in accordance with the following formula:

$$\text{Index Performance} = \frac{\text{Final Index Level}}{\text{Initial Index Level}} \times 100\%$$

**"Index Sponsor"** means, in respect of an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day or any Successor Index Sponsor, as defined in Condition 13 (*Adjustments*).

**"Issue Date"** means 21 August 2013.

**"Market Disruption Event"** means, in respect of an Index, the occurrence or existence of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, provided that for the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a component of such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security and (y) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event.

**"Notional Amount"** means GBP 1.00 per Preference Share.

**"Related Exchange"** means, in respect of an Index, the exchange or quotation system specified as such in respect of such Index in the definition of Indices or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

**"Related Financial Product"** means any financial product which references directly or indirectly the Preference Shares.

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of an Index, any day on which the relevant Exchange and the relevant Related Exchange for such Index are scheduled to be open for trading during their respective regular trading sessions.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Strike Date, an Auto-Call Valuation Date or the Valuation Date, as applicable.

**"Settlement Cycle"** means, in respect of an Index, the period of Clearing System Business Days following a trade in the securities underlying the Index on the relevant Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"Settlement Currency"** means Pounds sterling ("**GBP**").

**"Shareholder"** means a holder of Preference Shares in accordance with the Articles.

**"Strike Date"** means, in respect of an Index and subject to the Adjustment Provisions, 9 August 2013 or, if such date is not a Scheduled Trading Day for such Index, the next following Scheduled Trading Day for such Index thereafter.

**"Trading Disruption"** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the

level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"**Valuation Date**" means, in respect of an Index and subject to the Adjustment Provisions, 9 August 2019 or, if such date is not a Scheduled Trading Day for such Index the next following Scheduled Trading Day for such Index thereafter.

"**Valuation Time**" means the Scheduled Closing Time on the relevant Exchange on the Strike Date, Auto-Call Valuation Date, the Valuation Date or such other day as determined by the Calculation Agent, as the case may be. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## 2. **Redemption, Payment and Transfer**

The Preference Shares shall not be redeemed except as provided for in the Conditions and Article 48(a) (Redemption of Redeemable Preference Shares) of the Articles shall not apply.

The method for determining the Final Preference Share Redemption Amount or the Early Preference Share Redemption Amount shall be as set out in the Conditions and Article 48(d) (Redemption of Redeemable Preference Shares) of the Articles shall not apply.

The Final Preference Share Redemption Amount or Early Preference Share Redemption Amount, as the case may be, may not be less than GBP 0.0001 and will be rounded to the nearest two decimal places in the Settlement Currency, 0.00005 being rounded downwards, provided that in the case of Preference Shares redeemed at the same time by the same Shareholder, such rounding shall only occur following calculation of the aggregate amounts due in respect of such Preference Shares.

### 2.1 **Final Redemption**

If the Preference Shares have not been previously redeemed in accordance with Condition 2.3 (*Company Call*), Condition 2.4 (*Shareholder Put*) or Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*), each Shareholder shall have the right exercisable from and including the last occurring Valuation Date or the first Auto-Call Valuation Date on which an Auto-Call Trigger Event has occurred, as applicable, to and including the Final Preference Share Redemption Date, by giving notice to the Company, to require the Company immediately to pay or cause to be paid, and if that right is not exercised, the Company will pay or cause to be paid on the Final Preference Share Redemption Date, the Final Preference Share Redemption Amount in respect of each Preference Share in the Settlement Currency, subject to applicable laws, the Articles and the Conditions. The provisions of Article 48(a), (b) and (c) (Redemption of Redeemable Preference Shares) shall not apply to the Preference Shares.

### 2.2 **Payment on a Winding Up or Return of Capital**

The provisions of Articles 46(a) (Capital) and 46(b) (Capital) shall apply to the Preference Shares.

### 2.3 **Company Call**

The Company shall have the right exercisable during the Call and Put Period to redeem compulsorily all of the then outstanding Preference Shares at the Call and Put Redemption Amount payable on the date that right is exercised in accordance with the Articles, the Conditions and in the manner determined by the Company.

Upon the Company exercising its right in accordance with this Condition 2.3 (*Company Call*), it shall give an Early Preference Share Redemption Notice as soon as practicable to Shareholders in accordance with Condition 6 (*Notices*) of the early redemption of each of the then outstanding Preference Shares.

2.4 **Shareholder Put**

If the Company has not given notice of its right to redeem compulsorily the Preference Shares in accordance with Condition 2.3 (*Company Call*), each Shareholder shall have the right exercisable during the Call and Put Period, by giving notice to the Company, to have all of its Preference Shares redeemed at the Call and Put Redemption Amount payable on the date that right is exercised in accordance with the Articles, the Conditions and in the manner determined by the Company.

Upon the occurrence of a Shareholder exercising its right in accordance with this Condition 2.4 (*Shareholder Put*), the Company shall give an Early Preference Share Redemption Notice as soon as practicable to Shareholders in accordance with Condition 6 (*Notices*) of the early redemption of each of the then outstanding Preference Shares.

2.5 **Transfer of Preference Shares**

The Preference Shares may only be transferred if all Preference Shares in issue are transferred together to the same transferee.

3. **Early Redemption if there is an Early Preference Share Redemption Event**

If the Company, or the Calculation Agent on behalf of the Company, determines that there is an Early Preference Share Redemption Event falling within paragraphs (a) to (c) of the definition of Early Preference Share Redemption Event, the Company, or the Calculation Agent on behalf of the Company, may, but shall not be obliged to elect to redeem early the Preference Shares by giving an Early Preference Share Redemption Notice to Shareholders in accordance with Condition 6 (*Notices*) below, and if the Company, or the Calculation Agent on behalf of the Company, determines that there is an Early Preference Share Redemption Event falling within paragraph (d) of that definition then the Company, or the Calculation Agent on behalf of the Company, must redeem early the Preference Shares by giving an Early Preference Share Redemption Notice to Shareholders in accordance with Condition 6 (*Notices*) below.

For the purposes of this Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*) only, following the delivery of an Early Preference Share Redemption Notice, each Shareholder shall have the right exercisable from and including the Early Preference Share Valuation Date to and including the Early Preference Share Redemption Date to require the Company to redeem the Preference Shares immediately (and if that right is not exercised the Company will redeem all of the Preference Shares on the Early Preference Share Redemption Date) at the Early Preference Share Redemption Amount in respect of each Preference Share, subject to applicable laws, the Articles and the Conditions.

4. **Dividends**

In accordance with the Articles, no dividends will be paid in respect of the Preference Shares.

5. **Further Preference Shares**

The Company shall be entitled to issue further Preference Shares from time to time to be consolidated and form a single class with the Preference Shares provided that the rights conferred upon the Shareholders shall not be varied, amended or abrogated by the creation, allotment or issue of any further Preference Shares of the same class as the Preference Shares or any different class.

6. **Notices**

Notices to Shareholders shall be delivered to Shareholders at the address for each Shareholder set out in the register of members of the Company with a copy to the Calculation Agent. Any such notice will become effective on the first calendar day after such delivery to such address. Where a notice is being delivered in accordance with Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*), such notice shall specify the relevant Early

Preference Share Valuation Date. A copy of any Early Preference Share Redemption Notice shall also be delivered to any Hedging Counterparty.

Notices to the Company shall be delivered to the Company at the address of the registered office of the Company with a copy to the Calculation Agent. Any such notice will become effective on the first calendar day after such delivery to such address.

7. **Calculations and Determinations**

Any calculations, determinations and adjustments to be made in relation to the Conditions shall, unless otherwise specified, be made by the Calculation Agent and in such a manner as the Calculation Agent determines is appropriate acting in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Conditions and the hedging arrangements entered into with any Hedging Counterparty).

Notwithstanding that certain calculations, determinations and adjustments in the Conditions may be expressed to be on a certain date, the Calculation Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it in its discretion.

Pursuant to the Conditions the Calculation Agent has a number of discretions. These are necessary since certain circumstances or the occurrence of certain events may materially affect the costs to the Company and/or a Hedging Counterparty (including in relation to any Related Financial Product) and/or any issuer or obligor of a Related Financial Product of maintaining the Preference Shares or a Related Financial Product or hedging arrangements for the Preference Shares or a Related Financial Product, in each case before and after the occurrence of such event in a way which has not been reflected in the pricing of the Preference Shares and/or the Related Financial Product. In addition, certain circumstances may arise where it is not reasonably practicable or otherwise not appropriate for certain valuations to be carried out in relation to relevant reference assets and in these circumstances the Calculation Agent also may exercise certain discretions.

8. **Severability**

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

9. **Governing Law And Jurisdiction**

The Conditions and all non-contractual obligations arising from or in connection with the Conditions shall be governed by and construed in accordance with English law. The English courts shall have exclusive jurisdiction to deal with any dispute and all non-contractual obligations arising from or in connection with the Conditions.

10. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any rights to enforce any terms or conditions of the Preference Shares under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

11. **Calculation Agent Modifications**

The Calculation Agent will employ the methodology and comply with the provisions described in the Conditions to determine the amounts payable in respect of the Preference Shares. The Calculation Agent's determination in the application of such methodology and compliance with the provisions shall be final, conclusive and binding on the Company and Shareholders except in the case of manifest error.

The Calculation Agent shall be free to modify such methodology or provisions from time to time, acting in good faith and in a commercially reasonable manner, (1) as it deems appropriate in response to any market, regulatory, juridical, fiscal or other circumstances



which may arise which, in the opinion of the Calculation Agent, necessitates or makes desirable (taking into account the interests of the Company and any obligor of a Related Financial Product) a modification or change of such methodology or provisions or (2) for the purposes of (i) preserving the intended economic terms of the Preference Shares or (ii) curing any ambiguity or correcting or supplementing any provision of the Conditions or (iii) accounting for any change in the basis on which any relevant values, levels or information is calculated or provided which would materially change the commercial effect of any provision or provisions of the Conditions or (iv) replacing any information provider or source or (v) making amendments to the provisions of a formal, minor or technical nature or (vi) correcting any manifest or proven errors or (vii) making such amendments to comply with mandatory provisions of any applicable laws, provided that no modification by the Calculation Agent constituting a variation (or deemed variation) of the rights of the Preference Shares (or any other class of shares of the Company) for the purposes of sections 630-640 of the Companies Act 2006 and/or the Articles shall have effect unless previously approved in accordance with the Companies Act 2006 and the Articles.

Other than with respect to payments, where the Company fails to exercise any discretion or take any action provided to it in the Conditions when the exercise of such discretion or action would be necessary or desirable (as determined by the Calculation Agent), the Calculation Agent may exercise such discretion on its behalf.

## 12. **Consequences of Disrupted Days**

If any Scheduled Valuation Date in respect of an Index is a Disrupted Day in respect of such Index, then the Strike Date, the Valuation Date or the Auto-Call Valuation Date, as the case may be, for such Index shall be the first succeeding Scheduled Trading Day for such Index that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days for such Index immediately following the relevant Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, the Valuation Date or the Auto-Call Valuation Date, as the case may be, for the relevant Index notwithstanding the fact that such day is a Disrupted Day for such Index, and (b) the Calculation Agent shall determine the level of such Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with (subject to the Adjustment Provisions), the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

## 13. **Adjustments**

### (a) ***Successor Index***

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and published by a successor to that Index Sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

### (b) ***Index Adjustment Events.***

If (i) on or prior to the Strike Date, the Valuation Date or an Auto-Call Valuation Date the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the relevant Index or in any other way materially modifies the Index (other than a modification prescribed in the formula or method to maintain that Index in the event of changes in its constituent securities, capitalisation and other routine events) (an "**Index Modification**") or permanently cancels that Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on the Strike Date, the relevant Auto-Call Valuation Date or the Valuation Date, as the case may be, such Index Sponsor or, if applicable, the Successor Index

Sponsor, fails to calculate and announce the relevant Index Level (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then (A) in the case of an Index Modification or an Index Disruption, the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Preference Shares and, if so, shall calculate any relevant adjustment to the Conditions which may include, without limitation (i) an adjustment to any value, date, variable or other provision to take into account the relevant Index Adjustment Event, (ii) delaying the Strike Date, the relevant Auto-Call Valuation Date or the Valuation Date, as the case may be, until the relevant Index Adjustment Event no longer exists or (iii) determining the Index Level for such Index for each date following such change, failure or cancellation on which the Index Level is required for the purposes of the Preference Shares, using, in lieu of a published level for that Index, the level for that Index on such date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised such Index immediately prior to that Index Adjustment Event and (B) in the case of an Index Cancellation, the Company may, at any time thereafter, determine that all but not some only of the Preference Shares shall be redeemed in accordance with Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*).

14. **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Company will determine whether or not the Preference Shares shall continue or be redeemed early.
- (b) If the Company determines that the Preference Shares shall continue, the Calculation Agent may make such adjustment as the Calculation Agent considers appropriate, if any, to any one or more of the Conditions to account for the Additional Disruption Event and determine the effective date of that adjustment.
- (c) If the Company determines that the Preference Shares shall be redeemed early, then the Company shall redeem all but not some only of the Preference Shares in accordance with Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*).
- (d) Upon the occurrence of an Additional Disruption Event, the Company, or the Calculation Agent on behalf of the Company, shall give notice as soon as practicable to the Shareholders stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging.

"**Change in Law**" means that on or after the Issue Date, (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Company determines that (A) it has become illegal for the Company or the Hedging Counterparty to hold, acquire or dispose of any securities comprising any Index or it has become illegal for the Company or the Hedging Counterparty to hold, acquire, purchase, sell or maintain one or more (x) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to the Preference Shares, any Related Financial Product, or in relation to the Company's or the Hedging Counterparty's hedging activities in connection with the Preference Shares or any Related Financial Product (y) stock loan transactions in relation to the Preference Shares or any Related Financial Product or (z) other instruments or arrangements (howsoever described) held by the Company or the Hedging Company in order to hedge, individually or on a portfolio basis, the Preference Shares or any Related Financial Product relating to any Index or (B) the Company or any Hedging Counterparty will incur a materially increased cost in performing its obligations in relation to the Preference Shares or any Related Financial Product (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Company and/or any Hedging Counterparty).

**"Hedging Disruption"** means that the Company and/or any Hedging Counterparty is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Company issuing and performing its obligations with respect to the Preference Shares or of any obligor of a Related Financial Product issuing and performing its obligations with respect to a Related Financial Product, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Increased Cost of Hedging"** means that the Company and/or any Hedging Counterparty would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Company issuing and performing its obligations with respect to the Preference Shares or of any obligor of a Related Financial Product issuing and performing its obligations with respect to a Related Financial Product, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Company and/or any Related Financial Product obligor shall not be deemed an Increased Cost of Hedging.

15. **Correction of Index Levels**

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Preference Shares is subsequently corrected and the correction is published by such Index Sponsor within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to the settlement or payment terms of the Preference Shares to account for such correction provided that if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Preference Shares and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Company shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Shareholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Shareholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Company shall determine.

**CALCULATION AGENT DISCLAIMERS**

*The Calculation Agent makes no express or implied representations or warranties as to (a) the advisability of investing in or obtaining exposure to the Preference Shares, (b) the value of the Preference Shares at any particular time on any particular date, or (c) any amounts that may become payable in respect of the Preference Shares. The Calculation Agent shall not act as agent or trustee for the holders of the Preference Shares or any Related Financial Product.*

*Without limiting any of the foregoing, in no event shall the Calculation Agent have any liability (whether in negligence or otherwise) to any Shareholders or Related Financial Product investors for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.*

*In addition, to providing calculation agency services to the Company, the Calculation Agent or any of its Affiliates, may perform further or alternative roles relating to the Company and any series of Preference Shares. Furthermore, the Calculation Agent or any of its Affiliates may contract with the Company and/or enter into transactions which relate to the Company, the Preference Shares or the Indices and as a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its Affiliates' interests in other capacities. Subject to all regulatory obligations, neither the Company nor the Calculation Agent in respect of the Preference Shares owes any duty or responsibility to any Shareholder or Related Financial Product investor to avoid any conflict or to act in the interest of any Shareholder or Related Financial Product investor.*

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Introduction:</b>	<p>This summary must be read as an introduction to this prospectus and any decision to invest in the Notes should be based on a consideration of this prospectus as a whole by the investor, including any information incorporated by reference.</p> <p>Where a claim relating to the information contained in this prospectus is brought before a court in a Member State of the European Economic Area, the claimant might, under the national legislation of the Member States, be required to bear the costs of translating this prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in such Notes.</p>
<b>A.2</b>	<b>Consent by the issuer for the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries, an indication of the offer period for which consent is given, and any other clear and objective conditions attached to such consent:</b>	<p>The Issuer expressly consents to the use of this prospectus in connection with an offer of Notes in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus (a "<b>Public Offer</b>") of the Notes by the Dealer and Walker Crips Structured Investments being a division within Walker Crips Stockbrokers Limited ("<b>Authorised Offeror</b>") during the period from and including 22 July 2013 to but excluding 6 August 2013 (the "<b>Offer Period</b>") and in the United Kingdom only (the "<b>Public Offer Jurisdiction</b>"). The Issuer also accepts responsibility for the content of this prospectus with respect to the subsequent resale or final placement of the Notes by the Authorised Offeror.</p> <p><b>The Authorised Offeror will provide information to investors on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the investors.</b></p>
<b>Section B – Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name of the issuer:</b>	The legal name of the issuer is HSBC Bank plc (the " <b>Issuer</b> ") and, for the purposes of advertising, the Issuer uses an abbreviated version of its name, HSBC.
<b>B.2</b>	<b>Domicile and legal form of the issuer:</b>	<p>The Issuer is a public limited company registered in England and Wales under registration number 14259. The liability of its members is limited. The Issuer was constituted by Deed of Settlement on 15 August 1836 and in 1873, registered under the Companies Act 1862 as an unlimited company and re-registered under the Companies Acts 1948 to 1980 as a public limited company.</p> <p>The Issuer is subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, <i>inter alia</i>, the UK Financial Services and Markets Act 2000, as amended, 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 UK Companies Act 2006.</p>
<b>B.4b</b>	<b>Trends:</b>	<p>Signs of stabilisation in the eurozone are emerging but the political and economic challenges remain considerable. In the eurozone periphery growth is still absent, unemployment rates are high and debt projections continue to be revised up. Economic activity is expected to remain subdued.</p> <p>The Issuer expects a contraction of GDP of 0.6 per cent in the eurozone in 2013.</p>

		In the first half of 2013 the UK economic data has improved. However, the recovery remains fragile as inflation continues to outpace wage growth meaning real-terms pay is falling, restraining consumer demand. The Issuer expects the UK to grow by 0.8 per cent in 2013 which, while weak, is an improvement over 2012.
<b>B.5</b>	<b>The group:</b>	The whole of the issued ordinary and preference share capital of the Issuer is beneficially owned by HSBC Holdings plc (" <b>HSBC Holdings</b> ", together with its subsidiaries, the " <b>HSBC Group</b> "). The Issuer is the HSBC Group's principal operating subsidiary undertaking in Europe.  The HSBC Group is one of the largest banking and financial services organisations in the world. Its international network covers 80 countries and territories in six geographical regions: Europe; Hong Kong; Rest of Asia-Pacific; Middle East and North Africa; North America; and Latin America. Its total assets as at 30 June 2013 were U.S.\$2,645 billion.
<b>B.9</b>	<b>Profit forecast:</b>	Not Applicable. There are no profit forecasts or estimates made in this prospectus.
<b>B.10</b>	<b>Audit report qualifications:</b>	Not Applicable. There are no qualifications in the audit reports on the audited, consolidated financial statements of the Issuer and its subsidiary undertakings for the financial years ended 31 December 2011 or 2012.
<b>B.12</b>	<b>Key financial information:</b>	The selected financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2012 and the unaudited consolidated interim report of the Issuer for the six months ended 30 June 2013.

For the period (£m)	Year Ended		Half-year
	31 December 2011	31 December 2012	to 30 June 2013
Profit on ordinary activities before tax .....	3,111	1,004	2,273
Total operating income.....	16,205	15,407	8,377
Net operating income before loan impairment charges and other credit risk provisions .....	14,023	12,488	6,925
Profit attributable to shareholders of the parent company .....	2,329	2,384	1,681
<b>At period end (£m)</b>			
Total equity attributable to shareholders of the parent company .....	31,090	31,675	31,911
Risk weighted assets.....	227,679	193,402	200,368
Loans and advances to customers (net of impairment allowances) .....	288,014	282,685	282,498
Customer accounts .....	346,129	324,886	355,373
Ratio of customer advances to customer accounts .....	83.2	87.0	79.5
<b>Capital ratios*</b>			
Core Tier 1 ratio .....	9.1	11.4	11.1
Tier 1 ratio.....	10.0	12.4	12.0
Total capital ratio .....	14.4	17.3	16.9
<b>Performance and efficiency ratios (annualised %)</b>			
Return on average shareholders' funds (equity) of the parent company .....	7.4	3.5	10.6
Cost efficiency ratio .....	66.2	82.0	59.2

\* Includes profits for the period to 30 June 2013. Does not include the interim dividend of £570 million declared by the Board of Directors after 30 June 2013.

		There has been no material adverse change in the prospects of the Issuer since 31 December 2012.  There has been no significant change in the financial or trading position of the Issuer since 30 June 2013.
<b>B.13</b>	<b>Recent events:</b>	Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.

B.14	Dependence upon other entities within the group:	<p>The Issuer is a wholly owned subsidiary of HSBC Holdings.</p> <p>The Issuer and its subsidiaries form a UK-based group (the "<b>Group</b>"). The Issuer conducts part of its business through its subsidiaries and is accordingly dependent upon those members of the Group.</p>
B.15	The issuer's principal activities:	<p>The Group provides a comprehensive range of banking and related financial services. The Group divides its activities into four business segments: UK Retail Banking; Continental Europe Retail Banking; Global Banking and Markets; and Global Private Banking.</p>
B.16	Controlling persons:	<p>The whole of the issued ordinary and preference share capital of the Issuer is owned directly by HSBC Holdings.</p>
B.17	Credit ratings:	<p>The Issuer has been assigned the following long term credit ratings: AA- by Standard &amp; Poor's Credit Market Services Europe Limited ("<b>Standard &amp; Poor's</b>"); Aa3 by Moody's Investors Service Limited ("<b>Moody's</b>"); and AA- by Fitch Ratings Limited ("<b>Fitch</b>").</p> <p>The Notes to be issued have not been rated.</p>
<b>Section C – Securities</b>		
C.1	Description of type and class of securities:	<p><b>Issuance in series:</b></p> <p>Notes will be issued in series ("<b>Series</b>") which may comprise one or more tranches ("<b>Tranches</b>"). Each Tranche issued under a Series will have identical terms, except that different Tranches may comprise Notes in bearer form ("<b>Bearer Notes</b>"), registered form ("<b>Registered Notes</b>") or uncertificated registered form ("<b>Uncertificated Registered Notes</b>"). The issue dates and issue prices of different Tranches may also vary.</p> <p>The Bearer Notes being issued are Tranche 1 Notes linked to the performance of Eukairos Investments Ltd Preference Shares Series 175 (the "<b>Notes</b>").</p> <p><b>Form of Notes:</b></p> <p>Bearer Notes will initially be issued as temporary global Notes exchangeable for permanent global Notes which are exchangeable for definitive Bearer Notes, or registered Notes in definitive form in certain limited circumstances.</p> <p>Bearer Notes will be issued in global note form and deposited with a common depository for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>"). Changes in beneficial interests in such Bearer Notes will be recorded as book-entries in the accounts of Euroclear and/or Clearstream, Luxembourg.</p> <p><b>Security Identification Numbers:</b></p> <p>The Bearer Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and will be allocated the following Security Identification Numbers:  ISIN Code: XS0952920543  Common Code: 095292054</p>
C.2	Currency of the securities issue:	<p>The settlement currency of the Notes is Pounds Sterling (the "<b>Settlement Currency</b>").</p>
C.5	Free transferability:	<p>The Notes are freely transferable. However, there are restrictions on the offer and sale of the Notes and the Issuer and HSBC Bank plc (the "<b>Dealers</b>") have agreed restrictions on the offer, sale and delivery of the Notes and on distribution of offering materials in the European Economic Area, the United Kingdom and the United States of America.</p>
C.8	The rights attaching to the	<p><b>Status of the Notes:</b></p>

<p><b>securities, including ranking and limitations to those rights:</b></p>	<p>The Notes issued will be direct, unsecured and unsubordinated obligations of the Issuer and will rank equally and without preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (unless preferred by law).</p> <p><b>Interest Payments:</b></p> <p>The Notes will not be interest-bearing.</p> <p><b>Redemption of the Notes at Maturity:</b></p> <p>The Notes will be redeemed on their maturity date.</p> <p><b>Early redemption of the Notes:</b></p> <p>In addition the Notes may be redeemed prior to their started maturity in the following circumstances:</p> <p><i>For illegality:</i> at the option of the Issuer if the Calculation Agent determines that the performance of the Issuer's obligations has become unlawful or impracticable in whole or in part for any reason.</p> <p><i>For taxation reasons:</i> at the option of the Issuer if the Issuer were required under the terms and conditions of the Notes (the "<b>Conditions</b>") to pay additional amounts in respect of tax.</p> <p><i>For a Preference Share Early Redemption Event:</i> following the receipt by the Issuer or any of its affiliates of a notice from Eukairos Investments Limited (the "<b>Preference Share Issuer</b>") that one or more series of preference shares issued by the Preference Share Issuer (the "<b>Preference Shares</b>") are to be redeemed early.</p> <p><i>For an Extraordinary Event and/or Additional Disruption Event:</i> at the option of the Issuer if the Calculation Agent determines that a merger event, tender offer or insolvency (each, an "<b>Extraordinary Event</b>") and/or change in law or insolvency filing (each, an "<b>Additional Disruption Event</b>") has occurred in relation to the Preference Shares and/or the Preference Share Issuer.</p> <p><i>For an Event of Default:</i> at the option of the Noteholder in the following circumstances: (i) a continuing default in the repayment of any amount due on the Notes for more than 14 days, provided that the reason for non-payment is not compliance with any fiscal or other law or regulation or court order, or that there is doubt as to the validity of such law, regulation or order in accordance with independent legal advice from advisers which is acceptable to HSBC Bank plc, acting in its capacity as principal paying agent (the "<b>Principal Paying Agent</b>"); or (ii) the passing of a winding-up order in relation to the Issuer.</p> <p><b>Payments of Principal:</b> Payments of principal in respect of Notes will in all cases be calculated by reference to the percentage change in value of one or more Preference Shares issued by the Preference Share Issuer in respect of the relevant series of Notes. The terms of each series of Preference Shares will be contained in the Articles of Eukairos Investments Limited and the Preference Share terms and conditions relating to such series, which will be annexed to the Final Terms.</p> <p>The redemption price of each class of Preference Shares will be calculated by reference to an index or a basket of indices (the "<b>Underlying</b>"). The Underlying for the Notes is an index.</p> <p><b>Modification and substitution:</b></p> <p>Modifications to the Conditions may be made without the consent of any Noteholders to cure any ambiguity or manifest error or correct or supplement any Conditions provided that: (i) the modification is not materially prejudicial to the interest of Noteholders; (ii) the modification is of a formal, minor or technical nature or to comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or (iii) the modification corrects inconsistency between the Final Terms and the relevant termsheet relating to the Notes. The Notes permit the substitution of the Issuer with its affiliates without the consent of any Noteholders where the Issuer provides an irrevocable guarantee of the affiliate's obligations.</p> <p><b>Meetings of Noteholders</b></p> <p>The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the</p>
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		<p>majority.</p> <p><b>No guarantee or security:</b></p> <p>The Notes are the obligations of the Issuer only and are unsecured.</p> <p><b>Taxation:</b></p> <p>All payments by the Issuer of any amount in respect of the Notes will be made without deduction of any United Kingdom taxes unless the Issuer is required by law to withhold or deduct any such taxes. Therefore, Noteholders will be liable for and/or subject to any taxes, including withholding tax, stamp duty, stamp duty reserve tax and/or similar transfer taxes, payable in respect of the Notes.</p> <p><b>Governing Law:</b></p> <p>English law.</p>
C.9	<p><b>The rights attaching to the securities, the nominal interest rate, the date from which interest becomes payable and due dates for interest, where the rate is not fixed a description of the underlying on which it is based, maturity date and arrangements for amortisation of the loan including repayment procedures, an indication of yield and the name of the representative of debt security holders:</b></p>	<p>The Notes will be issued on 23 August 2013 (the "<b>Issue Date</b>") at 100 per cent. of their aggregate principal amount (the "<b>Issue Price</b>"). The Notes will not be interest-bearing.</p> <p><b>Representative of the Noteholders:</b></p> <p>Not Applicable. There is no representative appointed to act on behalf of the Noteholders.</p>
C.10	<p><b>Derivative components in interest payment:</b></p>	<p>Not Applicable. The Notes will not be interest-bearing.</p>
C.11	<p><b>Listing and trading:</b></p>	<p>Application will be made to admit the Notes to the Official List of the United Kingdom Financial Conduct Authority ("FCA") and to trading on the regulated market of the London Stock Exchange plc.</p>
C.15	<p><b>Effect of value of underlying</b></p>	<p>The performance of an Underlying determines the redemption price and final value of a series of Preference Shares issued by Eukairos Investments Limited, a company incorporated in England which is independent of</p>



<p><b>instruments on the value of the investment:</b></p>	<p>the Issuer and whose business consists of the issuance of Preference Shares.</p> <p>The percentage change in the final value of the relevant Preference Share compared to its issue price is then used to calculate the value and return on the Notes.</p> <p><b>As a result, the potential effect of the value of the Underlying on the return on the Notes means that investors may lose some or all of their investment.</b></p> <p>For the avoidance of doubt, the Notes are not backed by or secured on the Preference Shares and, accordingly, only a nominal amount of the Preference Shares may be issued by Eukairos Investments Limited regardless of the principal amount of the Notes issued by the Issuer.</p> <p>In this section, for ease of explanation rather than refer to the Notes being linked to the value of the Preference Share which is in turn linked to the Underlying, the Notes (including the return on the Notes) are described as being linked to the Underlying.</p> <p>The redemption amount of the Notes is linked to the performance of the FTSE™ 100 Index (the "<b>Index</b>").</p> <p>An investor will be entitled to the following cash amounts in respect of each Note, namely:</p> <ul style="list-style-type: none"> <li>• if the Notes are redeemed on their stated maturity date, a "<b>Final Redemption Amount</b>"; and</li> <li>• as the Notes are "Autocallable Redemption Notes", if the Notes are redeemed prior to their stated maturity in the circumstances described below, an "<b>Early Redemption Amount</b>".</li> </ul> <p>The basis for calculating the Final Redemption Amount is:</p> <p>"Autocallable Redemption Notes". Accordingly, an investor is entitled to an amount per Note equal to the principal amount of the Note multiplied by the following:</p> <p>If Index Performance is equal to or greater than the Final Trigger Level, then 145%</p> <p>If Index Performance is less than the Final Trigger Level, and</p> <ul style="list-style-type: none"> <li>• Final Index Level is equal to or greater than the Barrier Level, then 100%</li> <li>• Final Index Level is less than the Barrier Level, then Index Performance</li> </ul> <p>For the purposes of the above:</p> <p>"Barrier Level" means 50% of the Initial Index Level, being the percentage against which the performance of the Index will be measured in order to determine the Final Redemption Amount.</p> <p>"Final Trigger Level" means 100%, being a percentage against which the performance of the Index will be measured in order to determine the Final Redemption Amount</p> <p>"Index Performance" means in respect of an Index the percentage appreciation or depreciation of level of such Index compared to the initial index level for such Index.</p> <p>"Initial Index Level" means in respect of an Index the initial level of such Index.</p> <p>"Final Index Level" means in respect of an Index the final level of such Index on the valuation date.</p> <p>In addition, as the Notes are Autocallable Redemption Notes, they may be redeemed in the following circumstances and investors would then receive an Early Redemption Amount calculated as follows:</p> <p>If on an Auto-Call Valuation Date, the Index Performance is equal to or greater than the Auto-Call Trigger Level specified below, then the investor would be entitled to a cash amount equal to the principal amount of</p>
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the Note multiplied by the Auto-Call Trigger Rate, specified below.

For these purposes:

"**Auto-Call Trigger Level**" means each of the percentages set out below which will trigger redemption of the Notes and entitles investors in the Notes to the Early Redemption Amount; and

"**Auto-Call Trigger Rate**" means each of the percentages set out below, being in each case a fixed percentage of the principal amount of a Note which an investor will receive in the event of an Early Redemption for Autocallable Redemption Notes.

Auto-Call Valuation Date*	Auto-Call Trigger Level	Auto-Call Trigger Rate
10 August 2015	100.00%	115.00%
9 August 2016	100.00%	122.50%
9 August 2017	100.00%	130.00%
9 August 2018	100.00%	137.50%

\*Provided that if the Auto-Call Valuation Date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day shall be the Auto-Call Valuation Date.

C.16	<b>Maturity date of derivative securities:</b>	<p>The maturity date of the Notes is 23 August 2019 or, if later, two (2) London business days following the valuation date of the Notes which is expected to fall eight (8) London business days following the valuation date of the Preference Shares or, if the Preference Shares become subject to an Auto-Call Trigger Event (as defined in the terms and conditions of the Preference Shares), on or about:</p> <p>(i) in the year 2015, 24 August 2015</p> <p>(ii) in the year 2016, 23 August 2016</p> <p>(iii) in the year 2017, 23 August 2017</p> <p>(iv) in the year 2018, 23 August 2018 (the "<b>Maturity Date</b>").</p>
C.17	<b>Settlement procedure:</b>	<p>All payments to Noteholders will be paid through Euroclear.</p>
C.18	<b>Return on securities:</b>	<p>The Notes do not bear interest.</p> <p>The Notes entitle holders to cash payments and do not entitle an investor to physical delivery of Preference Shares.</p> <p>Unless redeemed early, the Notes will be automatically redeemed on the Maturity Date, at which time the investor will be entitled to receive the Final Redemption Amount (if any).</p>
C.19	<b>Exercise price or final reference price of the underlying:</b>	<p>The performance of an underlying index or the worst performing index in a basket of indices determines the redemption price of a series of Preference Shares. Such redemption price is used to calculate the final value of such Preference Shares. The percentage change in the final value of the Preference Shares compared to its issue price is then used to calculate the return on the Notes. <b>As a result, the potential effect of the value of the Index or Indices on the return on the Notes means that investors may lose some or all of their investment.</b></p> <p>The calculations which are required to be made to calculate the Final Redemption Amount and any early redemption amount, will be based on the level of the Index or the level of the worst performing of the Indices comprised in a basket of Indices (the "<b>Index Level</b>") determined by the Calculation Agent being HSBC France. The Calculation Agent will determine the Index Level by reference to the level of the relevant Index quoted on a particular exchange or quotation system at a valuation time.</p>

C.20	Type of the underlying:	<p>The underlying for the Notes is one index, namely FTSE™ 100 Index.</p> <p>Information on the Index can be found on the website of the Financial Times Limited or on Bloomberg Page UKX &lt;index&gt;.</p> <p>In this section, for ease of explanation rather than refer to the Notes being linked to the value of the Preference Share which is in turn linked to the Index. Notes (including the return on the Notes) are described as being linked to the Index.</p>
		<b>Section D – Risks</b>
D.2	Key risks specific to the issuer:	<p><b><i>The Issuer has exposure to the ongoing economic crisis in the eurozone:</i></b> There is potential for contagion from the continued instability in the eurozone from the peripheral to the core eurozone countries, and beyond to trading partners. The Issuer is exposed to institutions and banks which may be affected by sovereign or currency crises.</p> <p><b><i>The Issuer has significant exposure to counterparty risk both within the financial sector and to other risk concentrations:</i></b> Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships, which could affect its funding and its ability to manage the risks of its business.</p> <p><b><i>Liquidity, or ready access to funds, is essential to the Issuer's business:</i></b> If the Issuer is unable to raise funds, its liquidity position could be adversely affected and the Issuer might be unable to meet deposit withdrawals or obligations under committed financing facilities, to fund new investments or to repay borrowings as they mature.</p> <p><b><i>The Issuer's operations are highly dependent on its information technology systems:</i></b> The reliability and security of the Issuer's information and technology infrastructure and the Issuer's customer databases are crucial to maintaining the service availability of banking applications and processes and to protecting the HSBC brand. Critical systems failure, prolonged loss of service or a material breach of security could cause long-term damage to the Issuer's business and brand.</p> <p><b><i>The Issuer faces a number of challenges in regulation and supervision and associated regulatory risks:</i></b> The proposals relating to Basel III, the draft legislation proposed by the UK Independent Commission on Banking ("<b>ICB</b>"), the recommendations of the Liikanen Group and the Capital Requirements Directive IV are likely to have an effect on the activities of the Group. The proposals and finalised legislation relating to capital and liquidity will result in increased capital and liquidity requirements and could have a material effect on the Group's future financial condition or results of its operations. The ICB proposals may affect the manner in which the Group conducts its activities and structures itself, with the potential to both increase the costs of doing business and curtail the types of business carried out, with the risk of decreased profitability as a result. In addition, the new regulatory structure within the UK comprising the Financial Policy Committee ("<b>FPC</b>"), the Prudential Regulatory Authority ("<b>PRA</b>") and the Financial Conduct Authority ("<b>FCA</b>") may affect the Bank, and the Group and its activities, in particular as the FPC has the ability to seek additional capital for lending to sectors perceived as higher risk. The FCA has continued to increase its focus on 'conduct risk' including attention to sales processes and incentives, product and investment suitability and conduct of business concerns more generally. In conjunction with this focus, the UK regulators are making increasing use of existing and new powers of intervention and enforcement. This may lead to significant costs and liabilities for the Issuer.</p> <p><b><i>Regulatory investigations:</i></b> HSBC Holdings has entered into agreements with U.S. and UK government agencies to comply with certain forward-looking obligations with respect to anti-money laundering and sanctions requirements over a five-year term. Failure to comply with the terms of such agreements may have an adverse effect on the Group. In addition, the Group continues to be subject to a number of other regulatory proceedings into certain past submissions made by panel banks in connection with the setting of London interbank offered rates and other benchmark interest and foreign exchange rates and in relation to alleged anti-competitive activity in the credit derivative market.</p> <p><b><i>Remediation:</i></b> The Group has established customer redress programmes in relation to the possible mis-selling of Payment Protection Insurance policies and interest rate products sold to small businesses. There remains a high degree of uncertainty as to the eventual costs of redress for these matters.</p>

D.3	<p><b>Key risks specific to the securities:</b></p>	<p><b>Credit risk:</b> The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts. In addition, the Notes are also subject to the credit risk of the Preference Share Issuer. If the Preference Share Issuer becomes insolvent there could be a risk that the Preference Shares are redeemed worthless and therefore the value of the Notes would become zero as well. In such worst case scenario investors would lose all of their invested amount.</p> <p><b>The Notes are unsecured obligations:</b> The Notes are not secured over any asset. Therefore, the investor would not be able to enforce security as a method of recouping payments due under the Notes if the Issuer were to become insolvent and cease to be able to pay such amounts.</p> <p><b>The Notes are not ordinary debt securities:</b> The Notes do not pay interest, and, upon redemption, either the Notes may return less than the amount invested or nothing.</p> <p><b>No ownership rights:</b> The Notes do not confer any legal or beneficial interest or any voting or dividend rights in the Preference Shares or the securities underlying the Index or Indices.</p> <p><b>There may be no active trading market or secondary market for liquidity for Notes:</b> Any Series of Notes may not be widely distributed and there may not be an active trading market, nor is there assurance as to the development of an active trading market. If there is no liquid market, investors may not be able to realise their investment in the Notes until maturity of such Notes or may not realise a return that equals or exceeds the purchase price of their Notes.</p> <p><b>Illegality or changes in tax law may cause the Issuer's obligations under the Notes to be redeemed early:</b> If the Calculation Agent determines the performance of the Issuer's obligations under any Notes shall become unlawful or impracticable, or if the Issuer determines that it has become liable for, or payments under the Notes have become subject to, any taxes, the Issuer may redeem the Notes and pay a sum determined by reference to the value of the Preference Shares at the time of such redemption. As a result, Noteholders will forgo any future appreciation in the underlying Index or Indices and may suffer a loss of some or all of their investments.</p> <p><b>Taxation:</b> All payments under the Notes will be made without deduction of United Kingdom taxes unless otherwise required. Investors should therefore be aware that they may be subject to taxes in respect of transactions involving Notes depending, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.</p> <p><b>Capital risks relating to Notes:</b> The Notes are not principal protected and accordingly the repayment of any amount invested in Notes and any return on investment is not guaranteed. As a result the investors' capital can fall below the amount initially invested. Unlike a savings account or similar investment, an investment in the Notes is not covered by the UK Financial Services Compensation Scheme.</p> <p><b>Certain factors affecting the value and trading price of Notes:</b> Amounts payable under the Notes may be affected by fluctuation in value of the Index or securities underlying an Index, changes in interest rates, time remaining to redemption and dividend rates on the securities underlying an Index.</p> <p><b>Conflicts of Interest may arise between the Issuer or its affiliates and the Noteholders:</b> The Issuer or its affiliates may enter into hedging or other transactions (i) relating an Index or to securities underlying an Index or (ii) with issuers of securities underlying an Index. The Issuer or its affiliates may also publish research or other reports relating to Indices or securities underlying an Index. Any such activities may have a positive or negative effect on the value of Notes relating to such Indices. In addition, the Issuer may assume roles as hedging counterparty or calculation agent under the Notes. In respect of any of these roles the Issuer may have interests that conflict with the interests of Noteholders.</p> <p>Furthermore, HSBC Bank plc or HSBC France is the calculation agent in respect of Notes and also acts as calculation agent in respect of the Preference Shares. As a result of this relationship, potential conflicts of interest may arise for HSBC Bank plc and HSBC France in acting in their respective capacities. HSBC France or HSBC Bank plc may contract with the Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to the Preference Share Issuer or the Preference Shares. In respect of any of these roles HSBC Bank plc and HSBC France may have interests that conflict with the interests of</p>
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		<p>Noteholders.</p> <p><b>Calculation Agent's discretion and valuations:</b> Calculation of amounts payable in respect of redemption of the Notes may be made by reference to levels published on exchanges or other quotation systems and, in the absence of such display, at an amount determined by the Calculation Agent at its sole and absolute discretion acting in good faith. The Calculation Agent may be permitted to use its proprietary models to set the terms of adjustments which may be made under the Notes which may be difficult to verify without expertise in valuation models.</p> <p><b>Commission and cost of hedging:</b> The Issue Price of the Notes may include the distribution commission or fee charged by Issuer and/or its affiliates and the cost or expected costs of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue the price of Notes in the secondary market would be lower than the original Issue Price of the Notes.</p> <p><b>Exchange rate risks:</b> The Issuer will pay amounts in respect of the Notes in the Settlement Currency. Where the Settlement Currency is not the same as the investor's preferred currency, the realisable value of the investment in the investor's preferred currency may be at risk from fluctuations in the exchange rate.</p> <p><b>Market Disruption Events and Additional Disruption Events:</b> In the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange ("<b>Market Disruption Events</b>") or a hedging disruption, a change in applicable laws, an increased cost of hedging ("<b>Additional Disruption Events</b>") or in case of an index cancellation or modification or disruption in the publication of the index (each, an "<b>Index Adjustment Event</b>"), postponement or adjustment of valuations in case of a Market Disruption Event or adjustment of terms or redemption of the Notes in case of an Additional Disruption Event or Index Adjustment Event in respect of such Notes may have an adverse effect on the value of such Notes.</p>
D.6	<p><b>Key risks specific to the securities and risk warning to investors:</b></p>	<p><b>Credit risk:</b> The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts. In addition, the Notes are also subject to the credit risk of the Preference Share Issuer. If the Preference Share Issuer becomes insolvent there could be a risk that the Preference Shares are redeemed worthless and therefore the value of the Notes would become zero as well. In such worst case scenario investors would lose all of their invested amount.</p> <p><b>The Notes are unsecured obligations:</b> The Notes are not secured over any asset. Therefore, the investor would not be able to enforce security as a method of recouping payments due under the Notes if the Issuer were to become insolvent and cease to be able to pay such amounts.</p> <p><b>The Notes are not ordinary debt securities:</b> The Notes do not pay interest, and, upon redemption, either the Notes may return less than the amount invested or nothing.</p> <p><b>No ownership rights:</b> The Notes do not confer any legal or beneficial interest or any voting or dividend rights in the Preference Shares or the securities underlying the Index or Indices.</p> <p><b>There may be no active trading market or secondary market for liquidity for Notes:</b> Any Series of Notes may not be widely distributed and there may not be an active trading market, nor is there assurance as to the development of an active trading market. If there is no liquid market, investors may not be able to realise their investment in the Notes until maturity of such Notes or may not realise a return that equals or exceeds the purchase price of their Notes.</p> <p><b>Illegality or changes in tax law may cause the Issuer's obligations under the Notes to be redeemed early:</b> If the Calculation Agent determines the performance of the Issuer's obligations under any Notes shall have become unlawful or impracticable, or if the Issuer determines that it has become liable for, or payments under the Notes have become subject to, any taxes, the Issuer may redeem the Notes and pay a sum determined by reference to the value of the Preference Shares at the time of such redemption. As a result, Noteholders will forgo any future appreciation in the underlying Index or Indices and may suffer a loss of some or all of their investments.</p> <p><b>Taxation:</b> All payments under the Notes will be made without deduction of United Kingdom taxes unless otherwise required. Investors should therefore be aware that they may be subject to taxes in respect of</p>

		<p>transactions involving Notes depending, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.</p> <p><b>Capital risks relating to Notes:</b> The Notes are not principal protected and accordingly the repayment of any amount invested in Notes and any return on investment is not guaranteed. As a result the investors' capital can fall below the amount initially invested. Unlike a savings account or similar investment, an investment in the Notes is not covered by the UK Financial Services Compensation Scheme.</p> <p><b>Certain factors affecting the value and trading price of Notes:</b> Amounts payable under the Notes may be affected by fluctuation in value of the Index or securities underlying an Index, changes in interest rates, time remaining to redemption and dividend rates on the securities underlying an Index.</p> <p><b>Conflicts of Interest may arise between the Issuer or its affiliates and the Noteholders:</b> The Issuer or its affiliates may enter into hedging or other transactions (i) relating an Index or to securities underlying an Index or (ii) with issuers of securities underlying an Index. The Issuer or its affiliates may also publish research or other reports relating to Indices or securities underlying an Index. Any such activities may have a positive or negative effect on the value of Notes relating to such Indices. In addition, the Issuer may assume roles as hedging counterparty or calculation agent under the Notes. In respect of any of these roles the Issuer may have interests that conflict with the interests of Noteholders.</p> <p>Furthermore, HSBC Bank plc or HSBC France is the calculation agent in respect of Notes and also acts as calculation agent in respect of the Preference Shares. As a result of this relationship, potential conflicts of interest may arise for HSBC Bank plc and HSBC France in acting in their respective capacities. HSBC France or HSBC Bank plc may contract with the Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to the Preference Share Issuer or the Preference Shares. In respect of any of these roles HSBC Bank plc and HSBC France may have interests that conflict with the interests of Noteholders.</p> <p><b>Calculation Agent's discretion and valuations:</b> Calculation of amounts payable in respect of redemption of the Notes may be made by reference to levels published on exchanges or other quotation systems and, in the absence of such display, at an amount determined by the Calculation Agent at its sole and absolute discretion acting in good faith. The Calculation Agent may be permitted to use its proprietary models to set the terms of adjustments which may be made under the Notes which may be difficult to verify without expertise in valuation models.</p> <p><b>Commission and cost of hedging:</b> The Issue Price of the Notes may include the distribution commission or fee charged by Issuer and/or its affiliates and the cost or expected costs of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue the price of Notes in the secondary market would be lower than the original Issue Price of the Notes.</p> <p><b>Exchange rate risks:</b> The Issuer will pay amounts in respect of the Notes in the Settlement Currency. Where the Settlement Currency is not the same as the investor's preferred currency, the realisable value of the investment in the investor's preferred currency may be at risk from fluctuations in the exchange rate.</p> <p><b>Market Disruption Events and Additional Disruption Events:</b> In the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange ("<b>Market Disruption Events</b>") or a hedging disruption, a change in applicable laws, an increased cost of hedging ("<b>Additional Disruption Events</b>") or in case of an index cancellation or modification or disruption in the publication of the index (each, an "<b>Index Adjustment Event</b>"), postponement or adjustment of valuations in case of a Market Disruption Event or adjustment of terms or redemption of the Notes in case of an Additional Disruption Event or Index Adjustment Event in respect of such Notes may have an adverse effect on the value of such Notes.</p> <p><b>Investors may lose the value of their entire investment or part of it, as the case may be.</b></p>
		<b>Section E – Offer</b>
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds:</b>	The net proceeds from each issue of Notes will be used by the Issuer for profit making or risk hedging purposes.
<b>E.3</b>	<b>Terms and conditions of</b>	An investor intending to acquire or acquiring Notes from an offeror authorised by the Issuer, will do so, and the offer and sale of Notes to an investor by such Authorised Offeror will be made, in accordance with

<p><b>the offer:</b></p>	<p>arrangements agreed between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements.</p> <p>Offer Price: Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer:</p> <p>The time period, including any possible amendments, during which the offer will be open:</p> <p>Conditions to which the offer is subject:</p> <p>Description of the application process:</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</p> <p>Details of the minimum and/or maximum amount of application:</p> <p>Details of the method and time limits for paying up the securities and delivering of the securities:</p> <p>Manner in and date on which results of the offer are to be made public:</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of</p>	<p>Issue Price Final terms specifying the Aggregate Principal Amount of the Notes will be (i) sent to the document viewing facility to be filed with the FCA and (ii) published on or about the Issue Date on the Issuer's website (www.hsbc.com)</p> <p>Offer Period</p> <p>Not Applicable</p> <p>A prospective investor should contact the Authorised Offeror during the Offer Period. A prospective investor will subscribe for the Notes in accordance with the arrangements existing between the Authorised Offeror and its customer relating to the subscription of securities generally and not directly with the Issuer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than the United Kingdom wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Prospective Noteholders will be notified by the Authorised Offeror of their allocations of Notes and the settlement arrangements in respect thereof. The Notes will be issued on the Issue Date on a delivery against payment basis.</p> <p>The Aggregate Principal Amount of the Notes will be known at the end of the Offer Period.</p> <p>Final terms specifying the Aggregate Principal Amount of the Notes will be (i) sent to the document viewing facility to be filed with the FCA and (ii) published on or about the Issue Date on the Issuer's website (www.hsbc.com)</p> <p>Not Applicable</p>
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		<p>subscription rights not exercised:</p> <p>Whether tranche(s) have been reserved for certain countries: Not Applicable</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: At the end of the Offer Period, the Authorised Offeror will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes.</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: Not Applicable</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: Walker Crips Stockbrokers Limited, Finsbury Tower, 103-105 Bunhill Row, London, EC1 8LZ</p> <p>Name and address of any paying agents and depositary agents in each country: Not Applicable</p> <p>Name and address if the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: Not Applicable</p>
<b>E.4</b>	<b>Interests material to the issue/offer including conflicts of interest:</b>	<p>The Issuer or its affiliates may engage in hedging or other transactions involving the relevant Index which may have a positive or negative effect on the value of such Index and therefore on the value of any Notes to which they relate. Certain affiliates of the Issuer may also be the counterparty to the hedge of the Issuer's obligations under an issue of Notes and the Calculation Agent is responsible for making determinations and calculations in connection with the Notes in its sole and absolute discretion acting in good faith. The Issuer or its affiliates may from time to time advise the issuer or obligors of, or publish research reports relating to, the Index. The views or advice may have a positive or negative effect on the value of the Index and may be inconsistent with purchasing or holding the Notes relating to the Index.</p> <p>Furthermore, HSBC Bank plc or HSBC France is the calculation agent in respect of Notes and also acts as calculation agent in respect of the Preference Shares. As a result of this relationship, potential conflicts of interest may arise for HSBC Bank plc and HSBC France in acting in their respective capacities.</p> <p>Save as disclosed above, no person involved in the offer of the Notes has an interest material to the offer.</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer or the offeror:</b>	Not Applicable. Expenses in respect of the Notes are not charged directly by the Issuer to the investor.