PRICING SUPPLEMENT

Pricing Supplement dated 18 December 2002

Series No: 2

Tranche No: 1

HSBC Holdings plc

Debt Issuance Programme

Issue of

GBP650,000,000 5.75 per cent. Subordinated Notes due 2027

This document constitutes the Pricing Supplement relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 21 May 2002 in relation to the above Programme and the supplementary listing particulars dated 6 December 2002. This Pricing Supplement must be read in conjunction with such Information Memorandum as supplemented by such supplementary listing particulars (together, the "Information Memorandum").

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

1. Issuer: HSBC Holdings plc

2. (i) Series number: 2
   (ii) Tranche number: 1

3. Arranger: HSBC Bank plc

4. Currency or currencies:
   (i) of denomination: Pounds Sterling ("GBP")
   (ii) of payment: GBP

5. Aggregate Principal Amount:
   (i) Series: GBP650,000,000
   (ii) Tranche: GBP650,000,000

6. (i) Issue Price: 99.901 per cent. of the Aggregate Principal Amount
   (ii) Commission payable: 0.625 per cent.
(iii) Selling concession: None
(iv) Expenses - specify any expenses payable by Issuer: Not applicable
(v) Net proceeds: GBP645,294,000

7. Denomination(s): *(Condition 1(b))*
   GBP1,000

8. (i) Issue Date: 20 December 2002
(ii) Interest Commencement Date: Issue Date

9. Maturity Date: 20 December 2027
   *(Condition 6(a))*

10. Interest basis: Fixed Rate Notes
    *(Conditions 3 to 5)*

11. Redemption basis: Redemption at par
    *(Condition 6)*

12. Change of interest or redemption basis: Not applicable

13. Put/Call options: Not applicable

14. (i) Status of the Notes: Subordinated Notes
    *(Condition 2)*
(ii) Subordinated Notes: Condition 2(a) is applicable

15. Listing: Application will be made to admit the Notes to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000) and to trading on the London Stock Exchange plc

16. Method of distribution: Syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

17. Fixed Rate Note provisions Applicable
    *(Condition 3)*
<table>
<thead>
<tr>
<th>Provision</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Rate of Interest:</td>
<td>5.75 per cent. per annum payable annually in arrear</td>
</tr>
<tr>
<td>(ii) Fixed Interest Payment Dates(s):</td>
<td>20 December in each year commencing on 20 December 2003</td>
</tr>
<tr>
<td>(iii) Day count fraction</td>
<td>Actual/Actual (ISMA)</td>
</tr>
<tr>
<td>18. Floating Rate Note provisions</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 4)</td>
<td></td>
</tr>
<tr>
<td>19. Variable Coupon Amount Note provisions</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 5)</td>
<td></td>
</tr>
<tr>
<td>20. Zero Coupon Note provisions</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 5)</td>
<td></td>
</tr>
<tr>
<td>21. Dual Currency Note provisions</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 5)</td>
<td></td>
</tr>
<tr>
<td><strong>PROVISIONS RELATING TO REDEMPTION</strong></td>
<td></td>
</tr>
<tr>
<td>22. Issuer's optional redemption (Call):</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 6(c))</td>
<td></td>
</tr>
<tr>
<td>23. Noteholder's optional redemption (Put):</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 6(d))</td>
<td></td>
</tr>
<tr>
<td>24. Final redemption amount:</td>
<td>Par</td>
</tr>
<tr>
<td>(Condition 6(a))</td>
<td></td>
</tr>
<tr>
<td>25. Instalment Notes:</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(Condition 6(a))</td>
<td></td>
</tr>
<tr>
<td>26. Early redemption amounts:</td>
<td>Yes</td>
</tr>
<tr>
<td>(i) Early redemption amount upon Par redemption for taxation reasons</td>
<td>(Condition 6(b)):</td>
</tr>
<tr>
<td>(ii) Early redemption amount upon Par enforcement</td>
<td>(Condition 10):</td>
</tr>
<tr>
<td>(iii) Other redemption provisions:</td>
<td>None</td>
</tr>
<tr>
<td>(Condition 6(h))</td>
<td></td>
</tr>
</tbody>
</table>
GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:

(a) Form of Notes: Bearer
(b) Bearer Notes exchangeable for Not Applicable
Registered Notes:

28. If issues in bearer form:

(i) Initially represented by a Temporary Global Note
Temporary Global Note or
Permanent Global Note:

(ii) Temporary Global Note Yes, exchangeable for Permanent Global
exchangeable for Permanent Note
Global Note and/or Definitive
Notes and/or Registered Notes:

(iii) Permanent Global Note No
exchangeable at the option of the
bearer for Definitive Notes and/or
Registered Notes:

(iv) Coupons to be attached to Yes
Definitive Notes:

(v) Talons for future Coupons to be Not applicable
attached to Definitive Notes:

(vi) (a) Definitive Notes to be Yes
security printed:

(b) If the answer to (a) is Yes
yes, whether steel
engraved plates will be
used:

(vii) Definitive Notes to be in ISMA or Yes
successor's format:

(viii) Issuer or Noteholder to pay costs Issuer
of security printing:
of security printing:

29. Exchange Date for exchange of Temporary Global Note:
   29 January 2003

30. Payments (Condition 8)
   (i) Method of payment: Condition 8 shall apply, subject as
       provided in the Temporary Global Note or, as the case may be, the Permanent
       Global Note
   (ii) Relevant Financial Centre Day: London

31. Partly Paid Notes: No (Condition 1)

32. Redenomination (Condition 9)
   (i) Redenomination: Not applicable
   (ii) Exchange: Not applicable

DISTRIBUTION

33. (i) If syndicated, names of Relevant Dealer/Lead Manager:
    HSBC Bank plc
    Deutsche Bank AG London

(ii) If syndicated, names of other Dealers-Managers (if any):
    J.P. Morgan Securities Ltd.

(iii) Stabilising Agent (if any):
    HSBC Bank plc

34. If non-syndicated, name of Relevant Dealer: Not applicable

35. Selling restrictions:
    United States of America: TEFRA D Rule
    Not Rule 144A eligible
    Other: The Netherlands
    Each Manager will be required to represent and agree that it has not, directly or
    indirectly, offered, sold, transferred and delivered and it will not, directly or
    indirectly, offer, sell, transfer
or deliver, as part of their initial distribution or at any time thereafter, any Notes (including rights representing an interest in a Global Note) in The Netherlands other than to individuals or legal entities situated in The Netherlands who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial markets in a professional manner).

Each Manager will also be required to undertake that:

(a) it will be made clear both upon making any offer of the Notes and in any documents or advertisements in which a forthcoming offering of these notes is publicly announced (whether electronically or otherwise) that such offer is exclusively made to the said individuals or legal entities; and

(b) a copy of the Information Memorandum and this Pricing Supplement will be submitted to the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) before the Issue Date.
OPERATIONAL INFORMATION

36. ISIN Code: XS0159497162
37. Common Code: 015949716
38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): None
39. Settlement procedures: Eurobond
40. Additional Paying Agent(s) (if any): None
41. Common Depositary: HSBC Bank plc
42. Agent Bank/Calculation Agent: HSBC Bank plc
   - is Agent Bank to make Yes calculations?
   - if not, identify calculation agent: Not applicable
43. Notices: None (Condition 14)
44. City in which specified office of Registrar to be maintained: Not applicable (Condition 12)
45. Other relevant Terms and Conditions: None

LISTING APPLICATION
This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the Debt Issuance Programme of HSBC Holdings plc.

In connection with this issue, the Stabilising Manager may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

CONFIRMED
HSBC HOLDINGS PLC

By: DOUGLAS FLINT
   Authorised Signatory

Date: 18 DECEMBER 2002