

FINAL TERMS

Final Terms dated 9 June 2008

Series No: 12

Tranche No: 2

HSBC Holdings plc

Debt Issuance Programme

Issue of

GBP 400,000,000

7 per cent. Subordinated Notes due April 2038

(to be consolidated and form a single series with GBP 350,000,000 7 per cent. Subordinated Notes due April 2038 (the "Original Notes")

PART A - CONTRACTUAL TERMS

The Notes (as defined herein) will, when and to the extent that the Temporary Global Note (as defined herein) is exchanged for the Permanent Global Note (as defined herein), be consolidated and become fungible and form a single series with the GBP 350,000,000 7 per cent. Subordinated Notes due April 2038 (Series 12 (Tranche 1)) issued on 7 April 2008.

This document constitutes the Final Terms 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 terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 10 March 2008 in relation to the above Programme (incorporating the Registration Document dated 10 March 2008) and as supplemented by base prospectus supplements dated 20 March 2008, 14 April 2008 and 30 May 2008 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (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 Base Prospectus. 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 Base Prospectus. The Base Prospectus is available for viewing at HSBC Holdings plc, 8 Canada Square, London E14 5HQ and copies may be obtained from such address.

- | | | | |
|----|------|-----------------|-------------------|
| 1. | (i) | Issuer: | HSBC Holdings plc |
| | (ii) | Arranger(s): | HSBC Bank plc |
| 2. | (i) | Series number: | 12 |
| | (ii) | Tranche number: | 2 |

From 21 July 2008 when and to the extent Notes represented by the Temporary Global Note are exchanged for Notes represented by the Permanent Global Note they will become fungible with the

EXECUTION COPY

Original Notes (Series 12 Tranche 1).

- | | | |
|-----|--|--|
| 3. | Specified Currency or currencies: | |
| | (i) of denomination: | GBP |
| | (ii) of payment: | GBP |
| 4. | Aggregate Principal Amount of notes admitted to trading: | |
| | (i) Series: | GBP 750,000,000 |
| | (ii) Tranche: | GBP 400,000,000 |
| 5. | (i) Issue Price: | 109.531 per cent. of the Aggregate Principal Amount plus accrued interest from and including the Interest Commencement Date to but excluding the Issue Date. |
| | (ii) Commission payable: | 0.625 per cent. |
| | (iii) Selling concessions: | None |
| | (iv) Net proceeds: | GBP 435,624,000 (excluding accrued interest) |
| 6. | (i) Specified Denomination(s)
(Condition 1(b)): | GBP 50,000 |
| | (ii) Calculation Amount | GBP 50,000 |
| 7. | (i) Issue Date: | 11 June 2008 |
| | (ii) Interest Commencement Date: | 7 April 2008 |
| 8. | Maturity Date:
(Condition 6(a)) | 7 April 2038 |
| 9. | Interest basis:
(Conditions 3 to 5) | 7 per cent. Fixed Rate Notes |
| 10. | Redemption basis:
(Condition 6) | Redemption at par |
| 11. | Change of interest or redemption basis: | Not Applicable |
| 12. | Put/Call options: | Not Applicable |
| 13. | (i) Status of the Notes:
(Condition 2) | Subordinated Notes |
| | (ii) Subordinated Notes: | Deferral of Payments, Condition 2(d) is |

- not applicable
- (iii) Date Board approval for issuance of Notes obtained: Not Applicable
14. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note provisions (Condition 3) Applicable
- (i) Rate of Interest: 7 per cent. per annum payable annually in arrear
- (ii) Fixed Interest Payment Dates(s): 7 April in each year commencing on 7 April 2009 and ending on 7 April 2038
- (iii) Day count fraction Actual/Actual (ICMA)
16. Floating Rate Note provisions (Condition 4) Not Applicable
17. Variable Coupon Amount Note provisions: (Condition 5) Not Applicable
18. Zero Coupon Note provisions: (Condition 5) Not Applicable

PROVISIONS RELATING TO REDEMPTION

19. Issuer's optional redemption (Call): (Condition 6(c)) No
20. Noteholder's optional redemption (Put): (Condition 6(d)) No
21. Final redemption amount: (Condition 6(a)) GBP 50,000 per Calculation Amount
22. Instalment Notes: (Condition 6(a)) Not Applicable
- (a) Instalment Amounts: Not Applicable
- (b) Dates for payment of Instalments: Not Applicable
23. Early redemption amount: Yes

- (i) Early redemption amount (*upon redemption for taxation reasons*) Par
(*Condition 6(b)*):
- (ii) Early redemption amount upon Par enforcement:
(*Condition 10*)
- (iii) Other redemption provisions: None
(*Condition 6(h)*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
(*Condition 1(a)*)
- (a) Form of Notes: Bearer
- (b) Bearer Notes exchangeable for Registered Notes: No
25. (A) If issued in bearer form:
- (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: Yes, exchangeable for Permanent Global Note
(*Condition 1(a)*)
- (iii) Permanent Global Note exchangeable for Definitive Notes and/or Registered Notes: Yes. The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.
- (iv) Coupons to be attached to Definitive Notes: Yes
- (v) Talons for future Coupons to be attached to Definitive Notes: Yes
- (vi) (a) Definitive Notes to be security printed: Yes
(b) If the answer to (a) is yes, whether steel engraved plates will be used: Yes
- (vii) Definitive Notes to be in ICMA or successor's format: Yes
- (viii) Issuer or Noteholder to pay costs of security printing: Issuer

(B) If issued in registered form:

- (i) Rule 144A Global Registered Note exchangeable for U.S. Definitive Registered Notes: Not Applicable
- (ii) Restricted Global Registered Note exchangeable for U.S. Definitive Registered Notes: Not Applicable
26. Exchange Date for exchange of Temporary Global Note: 21 July 2008
27. 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: As provided in Condition 8
28. Partly Paid Notes: No
- (Condition 1)*
- If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)
29. Redenomination: Not Applicable
- (Condition 9)*
- (i) Redenomination: Not Applicable
- (ii) Exchange: Not Applicable
- DISTRIBUTION**
30. (i) If syndicated, names of Relevant Dealer/Lead Manager: HSBC Bank plc
- (ii) If syndicated, names of other Dealers/Managers (if any): BANCA AKROS S.p.A. - Gruppo Bipiemme - Banca Popolare di Milano
Banca IMI S.p.A.
Banco Bilbao Vizcaya Argentaria, S.A.
Banco Santander, S.A.
Bayerische Hypo- und Vereinsbank AG
Caixa - Banco de Investimento, S.A.
ING Belgium SA/NV
Lloyds TSB Bank plc

- NATIXIS
 Nordea Bank Danmark A/S
 Raiffeisen Zentralbank Österreich
 Aktiengesellschaft
 Westpac Banking Corporation
 9 June 2008
- (iii) Date of Subscription Agreement:
- (iv) Stabilising Manager (if any): HSBC Bank plc
31. If non-syndicated, name of Relevant Dealer: Not applicable
32. Selling restrictions:
- U.S. Selling Restrictions Regulation S Category 2
- TEFRA D
- Not Rule 144A eligible
- Other: Not Applicable
33. Stabilisation: **In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance**

EXECUTION COPY

with all applicable laws and rules.

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Debt Issuance Programme of HSBC Holdings plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

CONFIRMED

HSBC HOLDINGS PLC

By:  _____

Authorised Signatory

Date: 9 JUNE 2008

PART B - OTHER INFORMATION**34. LISTING**

- | | | |
|------|----------------------|---|
| (i) | Listing | Application has been made for the Notes to be admitted to listing on the Official List of the UK Listing Authority with effect from 11 June 2008 |
| (ii) | Admission to trading | Application has been made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc with effect from 11 June 2008. |

35. RATINGS

- | | |
|----------|----------------------------|
| Ratings: | The Notes have been rated: |
| | S&P: A + |
| | Moody's: Aa3 |
| | Fitch: AA- |

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

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

37. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | | |
|-------|---------------------------|--|
| (i) | Reasons for the offer: | See "Use of Proceeds" in Base Prospectus |
| (ii) | Estimated net proceeds: | GBP 435,624,000 |
| (iii) | Estimated total expenses: | GBP 15,000 |

38. YIELD

- | | | |
|-----|----------------------|---|
| (i) | Indication of yield: | Calculated as 6.187 per cent. semi-annually on the Issue Date assuming redemption of Notes on 7 April 2038 |
| | | As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

39. HISTORIC INTEREST RATES

Not Applicable

40. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Not Applicable

The Issuer does not intend to provide post-issuance information

41. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Not Applicable

OPERATIONAL INFORMATION

42. ISIN Code: The temporary ISIN code is XS0369449433. After the Exchange Date, the ISIN code will be XS0356452929.
43. Common Code: The temporary Common Code is 036944943. After the Exchange Date, the Common Code will be 035645292.
44. New Global Note or Classic Global Note: Classic Global Note
45. New Global Note intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable
46. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): None
47. Settlement procedures: Eurobond
48. Name and Address of Initial Paying Agent(s) HSBC Bank plc
8 Canada Square
London
E14 5HQ
49. Additional Paying Agent(s) (if any): None
50. Common Depository: HSBC Bank plc
51. Agent Bank: Not Applicable
- is Agent Bank to make calculations? Not Applicable
- if not, identify calculation agent: Not Applicable
52. Notices: Condition 14 applies

(Condition 14)

53. City in which specified office of Registrar to be maintained: Not Applicable
(Condition 12)

54. Tradeable Amount: Not Applicable

55. Other relevant Terms and Conditions: None

56. Other Final Terms: None