

BASE PROSPECTUS



HSBC Bank plc

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

as Issuer

PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS

Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes

On 24 February 1999, HSBC Bank plc (the "**Issuer**") established a Programme for the Issuance of Notes and Warrants (the "**Programme**").

This document (which expression includes all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to certain types of notes ("**Notes**") issued under the Programme, namely Notes which have a redemption amount that is equal to their principal amount or a fixed percentage thereof and either bear interest at a fixed rate ("**Fixed Rate Notes**") or at a floating rate ("**Floating Rate Notes**") or do not bear interest ("**Zero Coupon Notes**").

This document has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus (as from time to time supplemented, the "**Base Prospectus**"). In relation to any Notes, this Base Prospectus must be read as a whole and together also with the relevant final terms (the "**Final Terms**"). Any Notes issued on or after the date of this Base Prospectus and which are the subject of Final Terms which refer to this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue or any Notes issued under any other base prospectus published in connection with the Programme. This Base Prospectus will be valid until 12 months from the date hereof.

This Base Prospectus has been prepared for the purpose of providing disclosure information with regard to Notes only (and not warrants), and only Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes may be issued under this Base Prospectus.

Applications have been made to admit Notes to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purposes of Directive 2004/39/EC.

Information on how to use this Base Prospectus is set out on page ii and a table of contents is set out on page vi.

The Issuer has been assigned the following long term credit ratings: AA- by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"); Aa3 by Moody's Investors Service Limited ("**Moody's**"); and AA- by Fitch Ratings Limited ("**Fitch**"). Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such, each of Standard & Poor's, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Programme Arranger and Dealer

HSBC

24 June 2013

HOW TO USE THIS BASE PROSPECTUS

This Base Prospectus provides information about the Notes. It is split up into a number of sections, each of which is briefly described below.

Summary provides an overview of information included in this Base Prospectus.

Risk Factors provides details of the principal risks associated with the Issuer and the Notes.

Documents Incorporated by Reference provides details of the documents incorporated by reference which form part of this Base Prospectus and which are publicly available.

Description of the Notes provides details of how an investment in the Notes works and how payments under the Notes are calculated, including a number of worked examples.

Terms and Conditions of the Notes sets out the terms and conditions which govern the Notes.

Form of Notes and Summary of Provisions Relating to the Notes While in Global Form provides information regarding Notes issued in global form and issued into certain clearing systems.

Form of Final Terms sets out the template of the "Final Terms", a document which will be filled out for each issue of Notes and which will complete the terms and conditions in respect of such issue of Notes.

Use of Proceeds provides details of what the Issuer intends to do with the subscription monies it receives for the Notes it issues.

Taxation provides a summary of the withholding tax position in relation to the Notes in the United Kingdom and also provides information in relation to the EU Savings Directive and the proposed financial transactions tax.

Subscription and Sale sets out details of the arrangements between the Issuer and the Dealers as to the offer and sale of Notes and summarises selling restrictions that apply to the offer and sale of Notes in various jurisdictions.

General Information provides additional, general disclosure in relation to the Programme.

Index of Defined Terms indicates where terms used in this Base Prospectus have been defined.

IMPORTANT NOTICES

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

The Notes may be issued in any denominations, including in denominations of less than EUR100,000 (or its equivalent in any other currency) per Note.

The Issuer does not intend to provide post-issuance information.

None of the Programme Arranger nor any dealer for an issue of Notes (each such dealer, a "**Dealer**") has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility or liability is accepted by the Programme Arranger or any Dealer as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution.

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

Neither this Base Prospectus nor any Final Terms nor any further information supplied in connection with the Programme or any Notes should be considered as a recommendation or as constituting an invitation or offer by the Issuer or any Dealer to any recipient of this Base Prospectus to subscribe for or purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes constitutes an offer by or on behalf of the Issuer, the Programme Arranger or any Dealer to subscribe for or purchase any Notes.

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.

Tranches of Notes with a denomination of less than EUR100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in any Member State of the European Economic Area which has implemented the Prospectus Directive in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Prospectus as a "**Public Offer**".

The Issuer accepts responsibility in Austria, Germany, Luxembourg, The Netherlands and the United Kingdom (each, a "**Public Offer Jurisdiction**") for the content of this Base Prospectus in relation to any person in a Public Offer Jurisdiction to whom an offer of any Notes is made by any financial intermediary to whom the Issuer has given its consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, none of the Issuer, the Programme Arranger nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Public Offer Jurisdictions referred to above in which a Public Offer of Notes may be made are Austria, Germany, Luxembourg, The Netherlands and the United Kingdom only.

If the Issuer has not consented to the use of this Base Prospectus by an offeror, the investor should check with such offeror whether anyone is responsible for this Base Prospectus for the purposes of section 90 of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**") in the context of the Public Offer, and if so, who that person is. If the investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

If so specified in the Final Terms in respect of any Tranche of Notes, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the relevant Notes during the Offer Period specified in the relevant Final Terms (the "**Offer Period**") by:

- (a) any financial intermediary named as an Initial Authorised Offeror in the relevant Final Terms; and
- (b) any financial intermediary appointed after the date of the relevant Final Terms whose name is published on the Issuer's website, www.hsbc.com (please follow the links to 'Investor relations', 'Fixed income securities', 'Issuance programmes'), and is identified therein as an Authorised Offeror in respect of the relevant Tranche of Notes,

in each case, subject to the relevant conditions specified in the relevant Final Terms, for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and any other applicable laws.

The consent referred to above relates to Public Offers occurring within 12 months from the date of this Base Prospectus.

A Public Offer may be made during the relevant Offer Period by any of the Issuer, the Programme Arranger, any Dealer or any relevant Authorised Offeror in any Public Offer Jurisdiction and subject to any relevant conditions, as specified in the relevant Final Terms.

None of the Issuer, the Programme Arranger nor any Dealer has authorised the making of any Public Offer of any Notes by any person in any circumstances other than those described above. Any such unauthorised offers are not made by nor on behalf of the Issuer, the Programme Arranger, any Dealer nor any Authorised Offeror and none of the Issuer, the Programme Arranger, any Dealer or any Authorised Offeror accepts any responsibility or liability for the actions of any person making such unauthorised offers.

An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the investor (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with investors (other than the Programme Arranger and the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information.

The Terms and Conditions of the Public Offer shall be provided to investors by that Authorised Offeror at the time the Public Offer is made. None of the Issuer, any Dealer or other Authorised Offeror has any responsibility or liability for such information.

An investment in the Notes entails certain risks, which vary depending on the specification and type or structure of the Notes.

It is advisable that investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in this Base Prospectus and the relevant Final Terms. Investors should consider carefully the risk factors set forth under "Risk Factors" in this Base Prospectus.

The Issuer disclaims any responsibility to advise investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments on the Notes.

The distribution of this Base Prospectus and the offer, distribution or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Programme Arranger nor any Dealer represents that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering, in any other jurisdiction. In particular, action may be required to be taken to permit a public offering of any Notes or a distribution of this Base Prospectus in any jurisdiction. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any

applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions.

For details of certain restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the Dubai International Financial Centre, the European Economic Area, France, Hong Kong, Italy, Japan, the Kingdom of Bahrain, The Netherlands, Norway, the People's Republic of China, Russia, Singapore, Spain, Switzerland, Taiwan, the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom and the United States of America, see the "*Subscription and Sale of Notes*" section of this Base Prospectus.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Notes in bearer form, delivered within the United States or to U.S. persons.

United Kingdom

All applicable provisions of the United Kingdom Financial Services and Markets Act, 2000 (as amended) ("**FSMA**") must be complied with in respect of anything done in relation to any Notes in, from or otherwise involving the United Kingdom. Any document received in connection with an issue of Notes may only be distributed in circumstances in which the restriction in section 21(1) of the FSMA does not apply.

Hong Kong

The contents of this Base Prospectus have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution, and if necessary obtain independent professional advice, in relation to any purchase of Notes under the Programme.

The treatment for taxation purposes of the acquisition, holding or disposal of, or other dealings with, Notes may differ according to the jurisdiction in which the person acquiring, holding, disposing or dealing is subject to taxation. Any person intending to acquire, hold, dispose of or otherwise deal with a Note should inform himself as to the treatment for taxation purposes applicable to him.

All references in this Base Prospectus to "**Sterling**", "**GBP**" and "**£**" refer to the lawful currency of the United Kingdom, all references to "**U.S. dollars**", "**U.S.\$**" and "**USD**" refer to the lawful currency of the United States of America, all references to "**Hong Kong dollars**", "**HK\$**" and "**HKD**" refer to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**"), which solely for the purpose of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the Macau Special Administrative Region of the People's Republic of China ("**Macau**") and Taiwan, all references to "**Offshore RMB**", where the context requires, are to Chinese Renminbi that is freely deliverable between accounts in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms prevailing as of the trade date of the Notes, all references to "**Japanese Yen**", "**JPY**" and "**¥**" refer to the lawful currency of Japan and all references to "**Euro**", "**euro**", "**EUR**" and "**€**" refer to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty on the Functioning of the

European Union, as amended. Any other currency referred to in any Final Terms will have the meaning specified in the relevant Final Terms.

In this Base Prospectus, "**Conditions**" means the terms and conditions of the Notes. Other than as expressly defined in any other section of this Base Prospectus, terms defined in the Conditions and the "*Form of Notes and Summary of Provisions Relating to the Notes While in Global Form*" section have the same meanings in all other sections of this Base Prospectus.

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SUMMARY

This section provides an overview of information included in this Base Prospectus. It includes blank placeholders for options provided for under the Programme which will only be known at the time of each issuance of Notes. A completed summary for each individual issuance of Notes will be annexed to the relevant Final Terms.

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

		Section A – Introduction and Warnings
A.1	Introduction:	<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>
A.2	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:	<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 "Public Offer") of the Notes by the Dealer[s] [and []] ("Authorised Offeror") during the period from and including [] to but excluding [] (the "Offer Period") and in [Austria] [Germany] [Luxembourg] [The Netherlands] [the United Kingdom] only (the "Public Offer Jurisdiction[s]") [provided that the relevant Authorised Offeror is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and any other applicable laws [and the relevant Authorised Offeror must satisfy the following conditions: []]. 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>[The Issuer reserves its right to consent to the use of this prospectus after the date of filing of the relevant final terms (the "Final Terms") 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 "Public Offer") of the Notes during the period from and including [] to but excluding [] (the "Offer Period") in [Austria] [Germany] [Luxembourg] [The Netherlands] [the United Kingdom] only (the "Public Offer Jurisdiction[s]") by identifying financial intermediaries who will be acting as authorised offerors ("Authorised Offeror") in respect of the Notes on its website www.hsbc.com (following links to 'Investor relations', 'Fixed income securities', 'Issuance programmes), [subject to the condition that [] and] on the condition that the relevant Authorised Offeror is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and any other applicable laws.</p> <p>[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.]</p> <p>[Not Applicable. The Issuer does not consent to the use of this prospectus in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus (a "Public Offer") as the Notes will not be publicly offered.]</p>

Section B – Issuer		
B.1	Legal and commercial name of the issuer:	The legal name of the issuer is HSBC Bank plc (the " Issuer ") and, for the purposes of advertising, the Issuer uses an abbreviated version of its name, HSBC.
B.2	Domicile and legal form of the issuer:	<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.4b	Trends:	<p>The Issuer expects global growth to stay around 2.0 per cent in 2013, in line with the modest growth seen in 2012. Developed countries will continue to face weak growth on the back of structural constraints such as debt deleveraging and weak labour markets but emerging market growth is expected to accelerate over the course of the year.</p> <p>The Eurozone growth outlook remains very weak. There are some positive signs: structural reforms mean labour markets are becoming less rigid and more competitive while the stabilisation in financial markets since the European Central Bank's commitment to do "whatever it takes" to preserve the euro has fed through into an improvement in monetary conditions and business confidence, but significant headwinds remain. Deleveraging, austerity and rising unemployment are set to continue, so growth will depend on external demand, particularly in the periphery. An upturn in the world trade cycle should provide some relief in 2013, particularly in Germany where the Issuer expects real GDP to recover gradually from the sharp contraction in the final quarter of 2012 and to grow by 0.6 per cent in 2013. Despite this, the Eurozone is expected to contract by a further 0.2 per cent in 2013 after the 0.5 per cent drop in GDP in 2012. For most of the Eurozone low growth or ongoing recession, combined with the low inflation that arises from the need to regain competitiveness, implies government debt projections in the periphery in particular will continue to be revised up.</p> <p>The Issuer expects UK GDP to rise by 1.1 per cent in 2013, a pick-up in growth from a flat economy in 2012. Inflation is likely to continue to outpace wage growth, squeezing real terms incomes and limiting the ability of consumers to drive strong growth. Domestic demand will also be restrained by the ongoing fiscal consolidation while weakness in the Eurozone, the UK's main trading partner, means export growth is unlikely to provide major support to growth.</p>
B.5	The group:	<p>The whole of the issued ordinary and preference share capital of the Issuer is beneficially owned by HSBC Holdings plc ("HSBC Holdings", together with its subsidiaries, the "HSBC Group"). The Issuer is the HSBC Group's principal operating subsidiary undertaking in Europe.</p> <p>The HSBC Group is one of the largest banking and financial services organisations in the world. Its international network covers 81 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 31 December 2012 were U.S.\$2,693 billion.</p>
B.9	Profit forecast:	Not Applicable. There are no profit forecasts or estimates made in this prospectus.
B.10	Audit report qualifications:	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.12	Key financial information:	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.																																																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Year Ended</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">31 December 2011</th> <th style="text-align: center; border-bottom: 1px solid black;">31 December 2012</th> </tr> </thead> <tbody> <tr> <td colspan="3">For the period (£m)</td> </tr> <tr> <td>Profit before tax.....</td> <td style="text-align: right;">3,111</td> <td style="text-align: right;">1,004</td> </tr> <tr> <td>Total operating income.....</td> <td style="text-align: right;">16,205</td> <td style="text-align: right;">15,407</td> </tr> <tr> <td>Net operating income before loan impairment charges and other credit risk provisions</td> <td style="text-align: right;">14,023</td> <td style="text-align: right;">12,488</td> </tr> <tr> <td>Profit attributable to shareholders of the parent company</td> <td style="text-align: right;">2,329</td> <td style="text-align: right;">2,384</td> </tr> <tr> <td colspan="3">At period end (£m)</td> </tr> <tr> <td>Total equity attributable to shareholders of the parent company</td> <td style="text-align: right;">31,090</td> <td style="text-align: right;">31,675</td> </tr> <tr> <td>Risk weighted assets.....</td> <td style="text-align: right;">227,679</td> <td style="text-align: right;">193,402</td> </tr> <tr> <td>Loans and advances to customers (net of impairment allowances)</td> <td style="text-align: right;">288,014</td> <td style="text-align: right;">282,685</td> </tr> <tr> <td>Customer accounts</td> <td style="text-align: right;">346,129</td> <td style="text-align: right;">324,886</td> </tr> <tr> <td>Ratio of customer advances to customer accounts.....</td> <td style="text-align: right;">83.2</td> <td style="text-align: right;">87.0</td> </tr> <tr> <td colspan="3">Capital ratios*</td> </tr> <tr> <td>Core Tier 1 ratio</td> <td style="text-align: right;">9.1</td> <td style="text-align: right;">11.4</td> </tr> <tr> <td>Tier 1 ratio.....</td> <td style="text-align: right;">10.0</td> <td style="text-align: right;">12.4</td> </tr> <tr> <td>Total capital ratio.....</td> <td style="text-align: right;">14.4</td> <td style="text-align: right;">17.3</td> </tr> <tr> <td colspan="3">Performance and efficiency ratios (annualised %)</td> </tr> <tr> <td>Return on average shareholders' funds (equity) of the parent company</td> <td style="text-align: right;">7.4</td> <td style="text-align: right;">3.5</td> </tr> <tr> <td>Cost efficiency ratio</td> <td style="text-align: right;">66.2</td> <td style="text-align: right;">82.0</td> </tr> </tbody> </table>				Year Ended		31 December 2011	31 December 2012	For the period (£m)			Profit before tax.....	3,111	1,004	Total operating income.....	16,205	15,407	Net operating income before loan impairment charges and other credit risk provisions	14,023	12,488	Profit attributable to shareholders of the parent company	2,329	2,384	At period end (£m)			Total equity attributable to shareholders of the parent company	31,090	31,675	Risk weighted assets.....	227,679	193,402	Loans and advances to customers (net of impairment allowances)	288,014	282,685	Customer accounts	346,129	324,886	Ratio of customer advances to customer accounts.....	83.2	87.0	Capital ratios*			Core Tier 1 ratio	9.1	11.4	Tier 1 ratio.....	10.0	12.4	Total capital ratio.....	14.4	17.3	Performance and efficiency ratios (annualised %)			Return on average shareholders' funds (equity) of the parent company	7.4	3.5	Cost efficiency ratio	66.2	82.0
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		<p>There has been no material adverse change in the prospects of the Issuer since 31 December 2012.</p> <p>There has been no significant change in the financial or trading position of the Issuer subsequent to 31 December 2012.</p>																																																											
B.13	Recent events:	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 "Group"). 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:	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.																																																											
B.16	Controlling persons:	The whole of the issued ordinary and preference share capital of the Issuer is owned directly by HSBC Holdings.																																																											
B.17	Credit ratings:	<p>The Issuer has been assigned the following long term credit ratings: AA- by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"); Aa3 by Moody's Investors Service Limited ("Moody's"); and AA- by Fitch Ratings Limited ("Fitch").</p> <p>The Notes to be issued [have [not] been] [are expected on issue to be] rated[./:]</p> <p>[Standard & Poor's: []]</p> <p>[Moody's: []]</p>																																																											

		[Fitch: []]
		Section C – Securities
C.1	Description of type and class of securities:	<p><i>Issuance in series:</i></p> <p>Notes will be issued in series ("Series") which may comprise one or more tranches ("Tranches"). Each Tranche issued under a Series will have identical terms, except that different Tranches may comprise Notes in bearer form ("Bearer Notes"), registered form ("Registered Notes") or uncertificated registered form ("Uncertificated Registered Notes"). The issue dates, issue prices and amount of first interest payments under different Tranches may also vary.</p> <p>The [Bearer] [Registered] [Uncertificated Registered] Notes being issued are Tranche [] Notes (the "Notes") [and are to be consolidated and form a single series with [] issued on [] with ISIN: [] and Common Code: [] [and Valoren Number: []] [and SEDOL: []] [and WKN: []] [(the "Original Issue Security Identification Number[s]")].</p> <p><i>Form of Notes:</i></p> <p><i>[Bearer Notes in definitive form:</i></p> <p>Bearer Notes will be issued in definitive form and each definitive Bearer Note will carry a unique serial number. Bearer Notes are negotiable instruments and legal title to each will pass by physical delivery.]</p> <p><i>[Bearer Notes in global form:</i></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 form and deposited with a [common depository] [common safekeeper] for Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). 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><i>[Registered Notes in definitive form:</i></p> <p>[Registered Notes will be issued in registered form as certificates and each certificate will carry a unique serial number. Registered Notes are not negotiable instruments and legal title to each will pass by registration of the unique serial number against a Noteholder's name in a register maintained by HSBC Bank plc in its capacity as registrar (the "Registrar").]</p> <p><i>[Registered Notes in global form:</i></p> <p>Registered Notes will be issued in global form and deposited with and registered in the name of a [common safekeeper] [common depository] (or its nominee) for Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Changes in beneficial interests in such Registered Notes will be recorded as book-entries in the accounts of Euroclear and/or Clearstream, Luxembourg.]</p> <p><i>[Uncertificated Registered Notes:</i></p> <p>Uncertificated Registered Notes will be issued in uncertificated registered form and deposited with CREST Co. Ltd ("CREST"). Legal title to Uncertificated Registered Notes is recorded by CREST on the Operator register of corporate securities (the "Operator Register") and will pass by registration of a transfer of ownership in the Operator Register. CREST will maintain in a record of uncertificated corporate securities which reflects the Operator Register.]</p> <p><i>Security Identification Number[s]:</i></p> <p>The [Bearer] [Registered] [Uncertificated Registered] Notes have been accepted for clearance through</p>

		<p>[Euroclear and/or Clearstream, Luxembourg] [CREST] and will be allocated the following Security Identification Number[s] [to be consolidated with the Original Issue Security Identification Number[s]]:</p> <p>ISIN Code: [] Common Code: [] [Valoren Number: []] [SEDOL: []] [WKN: []]</p>
C.2	Currency of the securities issue:	The settlement currency of the Notes is [] (the " Settlement Currency ").
C.5	Free transferability:	The Notes are freely transferable. However, there are restrictions on the offer and sale of the Notes and the Issuer and [] (the " Dealer[s] ") have agreed restrictions on the offer, sale and delivery of the Notes and on distribution of offering materials in the Dubai International Financial Centre, the European Economic Area, France, Hong Kong, Italy, Japan, the Kingdom of Bahrain, The Netherlands, Norway, the People's Republic of China, Russia, Singapore, Spain, Switzerland, Taiwan, the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom and the United States of America.
C.8	The rights attaching to the securities, including ranking and limitations to those rights:	<p><i>Status of the Notes:</i></p> <p>The Notes 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><i>Payments at maturity:</i></p> <p>The Notes will have a final redemption amount which is equal to [] per cent. of their principal amount (the "Final Redemption Amount").</p> <p><i>Interest Payments:</i></p> <p>[The Notes bear interest at [a] [fixed rate[s] ("Fixed Rate Notes") [floating rate[s] ("Floating Rate Notes").] [The Notes do not bear interest ("Zero Coupon Notes").]</p> <p><i>Early redemption for illegality:</i></p> <p>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, the Issuer will be entitled to redeem the Notes early and pay the relevant investor an amount per Note equal to the fair market value of such Note or such other amount specified in the relevant final terms ("Final Terms") ("Early Redemption Amount").</p> <p><i>Early redemption for taxation reasons:</i></p> <p>If the Issuer were required under the terms and conditions of the Notes (the "Conditions") to pay additional amounts in respect of tax, the Issuer may subject to prior notice to the Noteholders, redeem all, but not some only, of such Notes and pay the relevant investor the Early Redemption Amount.</p> <p><i>[Call Option:</i></p> <p>The Issuer has the right to redeem the Notes in whole or in part by giving [] days notice [at any time] [on []] at a redemption amount equal to [] per cent. of their principal amount.]</p> <p><i>[Put Option:</i></p> <p>Noteholders have the right to have all of their Notes redeemed by giving [] days notice [at any time] [on []] at a redemption amount equal to [] per cent. of their principal amount.]</p>

		<p>Modification and substitution:</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>Events of default:</p> <p>The following events constitute events of default (each, an "Event of Default") under the Notes and would entitle the Noteholder to accelerate the Notes: (i) a continuing default in the repayment of any principal or interest 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 "Principal Paying Agent"); or (ii) the passing of a winding-up order in relation to the Issuer. On an Event of Default the Notes will be redeemed against payment of an amount per Note equal to [the fair market value of such Note] [].</p> <p>Meetings of Noteholders</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 majority.</p> <p>No guarantee or security:</p> <p>The Notes are the obligations of the Issuer only and are unsecured.</p> <p>Taxation:</p> <p>All payments by the Issuer of principal and interest 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>Governing Law:</p> <p>English law.</p>
C.9	<p>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</p>	<p>The Notes will be issued on [] (the "Issue Date") at [] per cent. of their aggregate principal amount (the "Issue Price").</p> <p>Interest rate:</p> <p>The Notes will [not] be interest bearing. [Interest payable on the Notes will accrue from [] (the "Interest Commencement Date") and interest payments on the Notes will be made on [] (the "Interest Payment Date[s]") [subject to adjustment to account for the applicable business day convention in the relevant business centre(s).]</p> <p>[Fixed Rate Notes:</p> <p>[The interest rate payable on the Notes is [] per cent. per annum (the "Interest Rate").]</p> <p>[The interest rate payable on the Notes is [] per cent. per annum in respect of the period from the Interest Commencement Date until [] [and [] per cent. per annum in respect of the period from [] until [] [first] [] Interest Payment Date[s] [and] [] per cent. per annum in respect of the [] Interest Payment</p>

<p>for amortisation of the loan including repayment procedures, an indication of yield and the name of the representative of debt security holders:</p>	<p>Date[s] and [] per cent. per annum in respect of the last Interest Payment Date (each, an "Interest Rate") [and in each case subject to adjustments to account for fractional amounts payable].]</p> <p><i>[Floating Rate Notes:</i></p> <p>The interest rate payable on the Notes is a variable percentage per annum (the "Interest Rate") [subject to adjustments to account for fractional amounts payable]. [The Interest Rate will be limited to [a minimum of [] per cent. per annum ("Minimum Interest Rate") [and] [a maximum of [] per cent. per annum ("Maximum Interest Rate").] The Interest Rate will be equal to the sum of a specified margin percentage rate (if any) [being [] per cent. per annum [in respect of the period from the Interest Commencement Date until [] and [] per cent. per annum in respect of the period from [] until []] and [a rate [] [per annum] calculated by reference to quotations provided electronically by banks in the relevant financial centre] [the floating rate under a notional interest rate on a swap transaction in the Settlement Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.] [, subject to the [Minimum Interest Rate] [and] [Maximum Interest Rate]].]</p> <p><i>[Zero Coupon Notes:</i></p> <p>The Notes are Zero Coupon Notes and do not bear interest. However, an accrual yield of [] per cent. per annum (the "Accrual Yield") is used for calculating the amount payable in respect of the Notes in case of their early redemption.]</p> <p>Redemption at Maturity:</p> <p>The maturity date of the Notes is [] (the "Maturity Date") [subject to adjustment to account for the applicable business day convention in the relevant business centre(s)].</p> <p><i>[Redemption of [Fixed Rate] [Floating Rate] Notes:</i></p> <p>Unless previously redeemed or purchased or cancelled, each Note will be redeemed by the Issuer at [its par value] [[] per cent. of its par value] in the Settlement Currency on the Maturity Date.]</p> <p><i>[Redemption of Instalment Notes:</i></p> <p>Unless previously redeemed or purchased or cancelled, each Note will be redeemed in the Settlement Currency in instalments of [] on [] by the Issuer, with the last payment due on the Maturity Date (the "Instalment Amount").]</p> <p><i>[Redemption of Zero Coupon Notes:</i></p> <p>Unless previously redeemed or purchased or cancelled, each Note will be redeemed by the Issuer at par value plus the Accrual Yield on the Maturity Date.]</p> <p>Early redemption:</p> <p><i>Early redemption for illegality:</i></p> <p>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, the Issuer will be entitled to redeem the Notes early and pay the relevant investor the Early Redemption Amount.</p> <p><i>Early redemption for an Event of Default:</i></p> <p>The following events constitute Events of Default under the Notes and would entitle the Noteholder to accelerate the Notes: (i) a continuing default in the repayment of any principal or interest 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 the Principal Paying Agent; or (ii) the passing of a winding-up order in relation to the Issuer. On an Event of Default the Notes will be redeemed</p>
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		<p>against payment of the Early Redemption Amount.</p> <p><i>[Issuer's optional redemption (Call Option):</i></p> <p>The Notes will be redeemable at the option ("Call Option") of the Issuer on [any Interest Payment Date] [], subject to [no less than five and no more than 30] [] days' irrevocable notice of the exercise of the Call Option, at a redemption amount equal to [] per cent. of their par value on [any Interest Payment Date] []. The Issuer may redeem [all] [some only] of the Notes outstanding at that time. The redemption amount payable will be calculated by the Issuer, and will include interest accrued but unpaid on such Notes.]</p> <p><i>[Noteholder's optional redemption (Put Option):</i></p> <p>The Notes will be redeemable at the option ("Put Option") of the Noteholder, at a redemption amount equal to [] per cent. of their par value on [any Interest Payment Date] [], subject to irrevocable notice being given to the Issuer and HSBC Bank plc, acting in its capacity as issue agent (the "Issue Agent"). The redemption amount payable on the amount of Notes over which the Noteholder has exercised its option will be calculated by the Issuer and will include interest accrued but unpaid on such Notes.]</p> <p><i>Early redemption for taxation reasons:</i></p> <p>If the Issuer were required under the Conditions to pay additional amounts in respect of tax, the Issuer may subject to prior notice to the Noteholders, redeem all, but not some only, of such Notes and pay the relevant investor the Early Redemption Amount.</p> <p><i>[Early redemption of Zero Coupon Notes:</i></p> <p>If a Zero Coupon Note is redeemed prior to the Maturity Date, the Early Redemption Amount in respect of such Note shall be the sum of (1) [] (the "Zero Coupon Note Reference Price") and (2) the product of the Accrual Yield (compounded annually) applied to the Zero Coupon Note Reference Price from (and including) the Issue Date to (but excluding) the date upon which the Notes become due and payable subject to [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [Actual/Actual (ICMA)] [30E/360] [30E/360 (ISDA)] (the "Day Count Fraction").]</p> <p><i>[Conversion:</i></p> <p>[Any relevant amount payable in respect of the Notes shall be converted into the Settlement Currency by using the relevant Conversion Rate. [The Conversion Rate is [].]]</p> <p>Yield:</p> <p>The yield of the Notes will be calculated on the Issue Date with reference to the Issue Price. Each such calculation of the yield of the Notes will not be an indication of future yield.</p> <p>The yield of the Notes is [].</p> <p>Representative of the Noteholders: Not Applicable. There is no representative appointed to act on behalf of the Noteholders.</p>
C.10	Derivative component in the interest payment:	Not Applicable. There is no derivative component in calculating the interest payable under the Notes.
C.11	Listing and trading:	<p>[Application [has been] [will be] made to admit the Notes to the Official List of the United Kingdom Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange plc.] [Not Applicable. The Notes will not be admitted to trading on any regulated market.]</p> <p>[Not Applicable. The Notes have a denomination of more than EUR100,000 (or its equivalent in any other</p>

		currency) per Note.]
C.21	Indication of the market where the securities will be traded and for which the prospectus has been published:	<p>[Application [has been] [will be] made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc.] [Not Applicable. The Notes will not be admitted to trading on any regulated market.]</p> <p>[Not Applicable. The Notes have a denomination of less than EUR100,000 (or its equivalent in any other currency) per Note.]</p>
		Section D – Risks
D.2	Key risks specific to the issuer:	<p><i>The Issuer has exposure to the ongoing economic crisis in the eurozone:</i> 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 currency or crises.</p> <p><i>The Issuer has significant exposure to counterparty risk both within the financial sector and to other risk concentrations:</i> 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><i>Liquidity, or ready access to funds, is essential to the Issuer's business:</i> 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 and to repay borrowings as they mature.</p> <p><i>The Issuer's operations are highly dependent on its information technology systems:</i> 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><i>The Issuer faces a number of challenges in regulation and supervision and associated regulatory risks:</i> The proposals relating to Basel III, the draft legislation proposed by the UK Independent Commission on Banking ("ICB") 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.</p> <p><i>Regulatory investigations:</i> 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 affect 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.</p> <p><i>Remediation:</i> 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	Key risks specific to the securities:	<p><i>Credit risk:</i> 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</p>

their invested amounts.

The Notes are unsecured obligations: 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.

There may be no active trading market or secondary market for liquidity for Notes: 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.

Illegality or changes in tax law may cause the Issuer's obligations under the Notes to be redeemed early: 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 representing the fair market value of the Notes] [and pay par value for the Notes]. [As a result, Noteholders will suffer a loss of some or all of their investments.] [[Furthermore,] [As a result,] Noteholders will forgo further interest payments.]

Taxation: 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.

Capital risks relating to Notes: Unless the relevant Series of Notes is fully principal protected, the repayment of any amount invested in Notes and any return on investment is not fully 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.

Calculation Agent's discretion and valuations: Calculation of amounts payable in respect of redemption of the Notes and any interest payments, if applicable, may be made by reference to specified screen rates 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.

Exchange control risks: Government and monetary authorities may impose or modify exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. As a result of such restrictions, the Issuer may make payments under the Notes in U.S. dollars or another currency than the Settlement Currency. As a result, investors will forego any future appreciation of the Settlement Currency.

Exchange rate risks: 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.

[Emerging markets currency risks:

Notes issued may settle in an emerging markets currency. Investors in such Notes should be aware that these markets are subject to greater risks than well developed markets. Currencies of emerging markets countries may be volatile and subject to exchange controls. If the Settlement Currency is an emerging markets currency, the Notes may provide that the Issuer is entitled to make payments in an alternative payment currency if it is not possible or impracticable for the Issuer to make payments in the Settlement Currency due to such emerging markets currency risks.]

Conflicts of Interest may arise between the interests of the Issuer or its affiliates and those of the Noteholders: The Issuer may assume roles as hedging party and calculation agent under the Notes. In respect of any of these roles the Issuer may have interests that conflict with the interests of Noteholders.

Commission and cost of hedging: The Issue Price of the Notes may include the distribution commission or

		<p>fee charged by Issuer 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>[Specific risks relating to Floating Rate Notes: The rate of interest is not fixed and is tied to the performance of an underlying benchmark [subject to a [Maximum Interest Rate] [and] [Minimum Interest Rate]]. The rate of interest can periodically go down and therefore return on the Notes is not guaranteed and may in a worst case scenario become zero. [Investors should be aware that in respect of Floating Rate Notes which are subject to a Maximum Interest Rate return on the Notes is limited to such Maximum Interest Rate and therefore investors will not benefit from any further increases of the underlying benchmark above such Maximum Interest Rate.]]</p> <p>[Specific risk relating to Fixed Rate Notes: The rate of interest is fixed during the term of the Notes. Therefore, investors in Fixed Rate Notes will not benefit from any increases in market interest rates.]</p> <p>[Effect of economic conditions: The value of Notes are influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates as such conditions may cause market volatility and this could have an adverse affect on the value, price or income on the Notes.]</p>
		Section E – Offer
E.2b	Reasons for the offer and use of proceeds:	<p>[The net proceeds from each issue of Notes will be used by the Issuer for [profit making or risk hedging] [] purposes.]</p> <p>[Not Applicable. The Notes have a denomination of more than EUR100,000 (or its equivalent in any other currency) per Note.]</p>
E.3	Terms and conditions of the offer:	<p>[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 arrangements agreed between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements.</p> <p>Offer Price: [Issue Price] []</p> <p>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: [] [Not Applicable]</p> <p>The time period, including any possible amendments, during which the offer will be open: [] [Not Applicable]</p> <p>Conditions to which the offer is subject: [] [Not Applicable]</p> <p>Description of the application process: [] [Not Applicable]</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [] [Not Applicable]</p> <p>Details of the minimum and/or maximum amount of application: [] [Not Applicable]</p> <p>Details of the method and time limits for paying up the securities and delivering of the securities: [] [Not Applicable]</p> <p>Manner in and date on which results of the offer are to be made public: [] [Not Applicable]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [] [Not Applicable]</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: [] [Not Applicable]</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: [] [Not Applicable]</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> <p>[Not Applicable. The Notes will not be publicly offered.]</p> <p>[Not Applicable. The Notes have a denomination of more than EUR100,000 (or its equivalent in any other currency) per Note.]</p>
E.4	Interests material to the issue/offer including conflicts of interest:	<p>[Fees [are] [may be] payable by the Issuer to the Dealer[s] acting as underwriter(s) of issues of the Notes.]</p> <p>[[Save as disclosed above, no] [No] person involved in the offer of the Notes has an interest material to the offer.] [The following additional interest(s) are material to issues of the Notes: [] .]]</p>
E.7	Estimated expenses charged to the investor by the issuer or the offeror:	<p>[Not Applicable. [Expenses in respect of the Notes are not charged directly by the Issuer to the investor.] [No commission in respect of the offer of the Notes will be payable by the investor.]]</p> <p>[The expenses charged to the investor by the Issuer will consist of [] per cent. commission in respect of the offer of the Notes, which will be [included in the Issue Price of the Notes] [payable by the investor].]</p>

RISK FACTORS

This section provides details of the principal risks associated with the Issuer and the Notes.

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below and the risk factors contained in pages 3 to 14 of the registration document of the Issuer dated 16 April 2013 (the "**Registration Document**"), incorporated by reference. The Issuer considers such risk factors to be the principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and/or risk factors that are material for the purposes of assessing the market risk associated with the Notes. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section.*

Investors should note that the risks relating to the Issuer, the industry in which it operates and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer believes to be those key to an assessment by an investor of whether to consider an investment in the Notes. However, as the risks which the Notes are subject to and which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" (and set out in more detail below) but also, among other things, the other risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Notes that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer or the Notes themselves, and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

Guidance note in respect of this Risk Factors section

This Risk Factors section is divided into a number of sub-sections.

Details of these sub-sections are set out in the table below, alongside an indication of which Risk Factors are applicable to a particular issue of Notes.

<i>Name of sub-section</i>	<i>Applicable to</i>	<i>Explanation</i>
(1) Risks relating to all issues of Notes	All Notes.	This sub-section will be relevant for all issues of Notes, as it details the risk factors which the Issuer deems to be material in respect of all Notes. <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Notes.</i>
(2) Risks relating to taxation of the Notes	All Notes.	This sub-section sets out certain withholding tax risks which may apply to issues of Notes.
(3) Risks relating to particular types of Notes	Fixed Rate Notes, Floating Rate Notes and Notes subject to optional redemption by the Issuer.	This sub-section details risks specific to Fixed Rate Notes, Floating Rate Notes and Notes which are callable by the Issuer.
(4) Risks relating to Notes denominated and/or settling in emerging markets currencies	All Notes which are denominated and/or settled in emerging market currencies.	This sub-section will be relevant for Notes in respect of which payments will be made in an emerging markets currency, and also sets out risks associated with settlement in Offshore RMB outside the PRC.

(1) Risks relating to all issues of Notes

Set out below is a description of the principal risks that should be taken into consideration by investors in Notes.

Credit risk

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.

Investors should be aware that any rating of the Issuer reflects the independent opinion of the relevant rating agency and is not a guarantee of the Issuer's credit quality. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

The Notes are unsecured obligations

It will be particularly important for the investor to evaluate the Issuer's credit risk when considering an investment in the Notes as the Notes are unsecured. If the Issuer became unable to pay amounts owed to the investor under the Notes, such investor does not have recourse to any asset or any other security/collateral and, in a worst case scenario, may not receive any payments under the Notes.

Capital risks relating to Notes

Unless the relevant Series of Notes is fully principal protected, the repayment of any amount invested in Notes and any return on investment is not fully guaranteed. Notes will not be fully principal protected where the relevant Final Terms either specify a percentage amount of the Calculation Amount or a Fair Market Value as payable on early redemption as the Early Redemption Amount. As a result, the investors' capital can fall below the amount initially invested in such Notes. Unlike a savings accounts or similar investment an investment in the Notes is not covered by the UK Financial Services Compensation Scheme.

There is no active trading market for the Notes

Any Series of Notes will be new securities which may not be widely distributed and for which there is no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, commissions paid by the Issuer and the financial condition of the Issuer. Accordingly, the investor is subject to the risk that its investment in the Notes may be difficult or impossible to trade.

It is not possible to predict whether any trading market for the Notes will develop or, if it does, the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. If any Notes are not listed or traded on any exchange, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. Also, to the extent that Notes are redeemed or purchased and cancelled, the number of Notes outstanding will decrease, resulting in a lessening of the liquidity of the Notes. A lessening of the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. An investor in the Notes is subject to the risk, therefore, that to the extent that there is no liquid market in the Notes, an investor may have to wait until redemption of such Notes in order to realise the value of its investment and, as such, an investor should proceed on the assumption that it may have to bear the economic risk of an investment in the Notes until the maturity date of the Notes.

Illegality

The Noteholder is subject to the risk that if the Calculation Agent may determine in its sole and absolute discretion acting in good faith that the performance of the Issuer's obligations under any Notes shall have become unlawful or impracticable in whole or in part. Following such an illegality event, the Issuer may

redeem the Notes against payment of an amount determined by the Calculation Agent which may be, if so specified in the relevant Final Terms, the Fair Market Value of such Note immediately prior to such redemption. Where such a situation warrants an early redemption, Noteholders may suffer a loss of some or all of their investment. As a result of early redemption, investors in the Notes forgo any future interest payments applicable to the Notes (if any).

Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of United Kingdom taxes, the Issuer may redeem all outstanding Notes in accordance with the Conditions. If specified in the relevant Final Terms, the amount payable by the Issuer in such circumstances may be less than the amount invested in the Notes or what would have been received under the Notes if the Notes had not been so redeemed and investors will forego any further interest payments (if any) in respect of the Notes.

Potential conflicts of interests

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

Further, either the Issuer or its affiliates, including HSBC France, may be the Calculation Agent with regard to the Notes. The Calculation Agent is solely responsible for calculation of the redemption amount and other determinations and calculations in connection with the Notes. Because the Calculation Agent is the Issuer or its affiliate, and the Issuer is obligated to redeem and pay interest on the Notes, the Calculation Agent may have economic interests adverse to those of the holders of the Notes, including with respect to certain determinations and judgements that the Calculation Agent must make as referred to above, any of which may affect payments in respect of the Notes. The Calculation Agent does not act as fiduciary for or an adviser to any of the Noteholders in respect of any such determination or judgment or otherwise.

Commission and cost of hedging

The original issue price of the Notes may include the distribution commission or fee charged by the Issuer and/or its affiliates and the cost or expected cost of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue, the price, if any, at which the Issuer or its affiliates be willing to purchase Notes from the investor in the secondary market would be lower than the original issue price. Such fee, commission and cost of hedging may also be deducted from the redemption amount payable upon early redemption of the Notes. In addition, any such prices may differ from values determined by pricing models used by the Issuer or affiliates as a result of such compensation or other transaction costs.

Effect of general economic conditions on the Notes

The market for debt securities is influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates in Europe and other countries and areas. There can be no assurance that events occurring elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes of that economic and market conditions will not have any other adverse effect.

Effect of interest rates on the Notes

Investors in Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes. Investments in the Notes may involve interest rate risk with respect to the currency of denomination of the Notes. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes.

Exchange rate risks and exchange control risks

The Issuer will generally pay amounts in respect of the Notes in the Settlement Currency (as referred to in the relevant Final Terms). As a result thereof there are various potential exchange rate risks that investors in the Notes need to consider.

Investor converting amounts paid in the Settlement Currency into the Investor's Currency

If an investor anticipates that it will need to convert payments made under the Notes from the Settlement Currency into a currency of its choice (the "**Investor's Currency**") (for instance, if other obligations of the investor are payable in the Investor's Currency), then the investor is subject to the risk that the currency conversion rate which it must pay for exchanging the Settlement Currency into the Investor's Currency becomes less attractive and therefore decreases the realisable value of its investment.

An appreciation in the value of the Investor's Currency relative to the Settlement Currency at any time would decrease (i) the value any redemption amount payable to the investor and (ii) the market value of the Notes, in each case where converted into the Investor's Currency at that time. As a result, the amount that the investors receive in respect of the Notes, as converted, may be less than expected or zero.

Material risks involved in currency conversion

The material risks involved in the currency conversion include the risk that exchange rates may change significantly (including changes due to appreciation of the Investor's Currency relative to the Settlement Currency). It is impossible to predict whether the value of one such currency relative to another will rise or fall during the term of the Notes.

Exchange control risks

Investors in Notes should also be aware that there is the risk that authorities with jurisdiction over the Investor's Currency or Settlement Currency such as government and monetary authorities may impose or modify (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. It is impossible to predict whether the value of one such currency relative to another will rise or fall during the term of the Notes. As a result of exchange controls and restrictions the Issuer may not be able to make payments under the Notes in the Settlement Currency and will therefore pay the equivalent of the amounts due under the Notes in U.S. dollars or another currency. Investors in the Notes will therefore forego to any future appreciation of the Settlement Currency.

Calculation Agent's discretion and valuation

Calculation of the interest payments (if applicable) and/or amount payable in respect of redemption may be by reference to certain specified screen rates, or if any such rate is not displayed at the relevant time a rate determined by the Calculation Agent in its sole and absolute discretion acting in good faith. The Notes may be redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Accordingly, an investor in the Notes is subject to the risk that the calculation of payment and other determinations under the Notes are conclusively determined by one party which may be the Issuer itself or its affiliates and the investor cannot object to such calculation or determination.

The Calculation Agent may be permitted to use its proprietary models in setting the terms of an adjustment, and it may be difficult for investors to predict the resulting adjustments in advance. In such case, an investor would be subject to the risk that it would be difficult to verify that adjustments made to payments under the Notes are legitimate and consistent with the terms of an issue of Notes without expertise in applying valuation models.

Payments may be delayed or reduced upon the occurrence of an event of default

If the Calculation Agent determines that the Notes have become immediately due and payable following an Event of Default with respect to the Notes, investors may not be entitled to the entire principal amount of the Notes, but only to that portion of the principal amount specified in the relevant Final Terms, together with accrued but unpaid interest, if any.

Notes issued at a substantial discount or premium

The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. An investor in such Notes is subject to the risk that this will adversely affect the value of the Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest bearing securities with comparable maturities.

Notes with multiple denominations

Where the Notes are specified as having a denomination consisting of a minimum denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in the clearing systems in amounts in excess of such minimum denomination that are not integral multiples of the minimum denomination. In such a case, should Definitive Notes be required to be issued, Noteholders who, as result of trading such amounts, hold a principal amount that is less than the minimum denomination may not receive a Definitive Note in respect of such holdings and would need to purchase a principal amount of Notes such that their holding amounts to, or is an integral multiple of, the minimum denomination.

Change of law

The Conditions are based on English law and United Kingdom tax law in effect as at the date of this Base Prospectus. There is a risk that the interpretation and/or effects of the Conditions may be subject to change in such a manner as to adversely affect the contractual rights of Noteholders.

Meetings of Noteholders

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 majority, so investors in the Notes are subject to the risk that the Conditions may be modified without their consent.

Modification, waiver and substitution

Investors in the Notes are subject to the risk that the Conditions may be made without the consent of any Noteholders where the Issuer determines that:

- the modification is not materially prejudicial to the interests of the Noteholders as a whole;
- where the modification of the Notes is of a formal, minor or technical nature or is made to correct a manifest error or comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or
- where the Conditions are inconsistent with the termsheet relating to the relevant Notes.

There is a commercial risk that the obligations of the Noteholder will be owed by a principal debtor other than the Issuer. The Notes permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes, provided that the Issuer provides a guarantee.

Clearing systems

Notes may be held by or on behalf of Euroclear and Clearstream, Luxembourg. While the Notes are represented by a global Note held by or on behalf of Clearstream, Luxembourg, investors will be able to trade their interests only through Euroclear and/or Clearstream, Luxembourg.

In addition, Notes may be issued as Uncertificated Registered Notes, in which case CREST will maintain records of the interests in such Notes and investors will be able to trade their interests only through CREST. Investors in the Notes will have to rely on procedures of such clearing systems for transfer, payment and communication with the Issuer to receive payments under the Notes. Investors are therefore subject to the risk of those settlement procedures failing such that payments due under the Notes may be

delayed and that book entries or entries in the register are entered incorrectly which may lead to difficulties with an investor asserting ownership of its Notes.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the global Notes. Holders of interests in the global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg or CREST to appoint appropriate proxies.

Banking Act 2009

As a UK bank, the Issuer is subject to a 'Special Resolution Regime' under the Banking Act 2009 which gives wide powers in respect of UK banks and their parent companies to HM Treasury, the Bank of England and the Prudential Regulation Authority in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include Notes issued by the Issuer), to a commercial purchaser or, in the case of securities, to the Treasury or a Treasury nominee, or, in the case of property, rights or liabilities, to a Bank of England entity; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain new insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations between a UK bank or its parent and its former group undertakings for reasonable consideration, in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act 2009 also gives power to the Treasury to make further amendments to the law by order for the purpose of enabling it to use the Special Resolution Regime powers effectively, potentially with retrospective effect.

Recovery and Resolution Directive – 'bail-in' provisions

On 6 June 2012 the European Commission published a draft legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Recovery and Resolution Directive**" or "**RRD**", also known as the "**Crisis Management Directive**" or "**CMD**") and the EU Presidency published a compromise text in this regard on 6 April 2013. There is a risk that the Notes may be subject to a 'bail in' under bank resolution legislation implementing the RRD, which would likely entail either a forced write-off or write-down of liabilities of the Issuer, or a conversion of such liabilities to equity in the Issuer. However, instruments such as the Notes may be excluded from any future bail-in regime in the UK and the Issuer is therefore currently unable to predict how or if such legislation would apply to the Notes.

(2) Risks relating to taxation of the Notes

In certain circumstances a portion of payments made on or with respect to Notes may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, *société anonyme* (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**") will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depository or common safekeeper for the ICSDs (as bearer or registered holder (as applicable) of the Notes) and the

Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

(3) Risks relating to particular types of Notes

Specific risks relating to Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Investors will not benefit from any increases in market interest rates above the fixed rate payable in respect of the relevant Notes.

Specific risks relating to Floating Rate Notes

Floating Rate Notes have returns that are variable as a result of the method by which the interest is calculated. The rate of interest is not fixed and is tied to the performance of an underlying benchmark and, if so specified in the relevant Final Terms, may be subject to a maximum rate or minimum rate on the interest payable. The rate of interest can periodically go down and therefore return on the Notes is not guaranteed and may in a worst case become zero. Investors should be aware that in respect of Floating Rate Notes which are subject to a maximum return on the Notes is limited to such maximum and therefore investors will not benefit from any further increases of the underlying benchmark above such maximum return.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Investors should consider reinvestment risk in light of other investments available at that time. As a result of the exercise of a call right by the Issuer, investors will forego any further interest payments (if any) in respect of the Notes and, if so specified in the Final Terms, investors may receive less than their invested amount.

(4) Risks relating to Notes denominated and/or settling in emerging markets currencies

Notes issued may settle in an emerging market currency. Investors in such Notes should be aware that these markets are subject to greater risks than well developed markets. Investment in the Notes will involve additional risks and special considerations not typically associated with investing in Notes which are settled in more conventional currencies such as Euros or U.S. dollars.

Emerging market risk

Because of the special risks associated with investing in emerging markets, Notes which are denominated and/or settling in a currency of an emerging market should be considered speculative. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also may be affected adversely by their economic, financial, military and political conditions and the supply and demand for such Settlement Currencies or currencies of denomination in the global markets.

Inconvertibility, Non-transferability or Illiquidity

Notes which are payable in an emerging market currency may provide that, if the Settlement Currency is not available at or about the time when a payment is due to be made under the Notes or it is impracticable for the Issuer to satisfy its obligations to pay any amounts due under the Notes because of circumstances

beyond the control of the Issuer, then the Issuer is entitled to make the payments in an Alternative Payment Currency. These circumstances could include the imposition of exchange controls or a disruption in the currency market which prevents the Issuer from obtaining the Settlement Currency.

Exchange controls and repatriation of profits

Most emerging market countries operate exchange controls affecting the transfer of money in and out of the country and the convertibility of the local currency. Moreover the value of investments denominated and/or settling in an emerging markets currency can fluctuate significantly due to volatile exchange rates and high inflation. Some countries also impose restrictions on the ability of foreign investors to repatriate profits or the proceeds of sale of their investments without an official permit. In some cases the currency is non-convertible although many currencies are "semi-convertible". All such factors may have an adverse affect on the value of the Notes.

Currency exchange rate fluctuations

The rapid pace of political and social change in emerging market countries increases the likelihood that currency exchange risks will eventuate where the Settlement Currency is linked to an emerging market country. Currency exchange risks are described in detail above in the section entitled "*Risks applicable to all Notes – Exchange rate risks and exchange control risks*".

Risks relating to Notes settled in Offshore RMB outside the PRC

Notes denominated and/or settled in Offshore RMB outside the PRC may be issued. Set out below is a description of some of the risks that should be taken into consideration by investors in such Notes.

- (a) ***RMB is not freely convertible; Restrictions on RMB conversion through Hong Kong banks (or banks in other Offshore RMB Centres as specified in the relevant Final Terms) may adversely affect the liquidity of the Notes***

RMB is currently not freely convertible. For instance, where Hong Kong is the relevant Offshore RMB Centre as specified in the relevant Final Terms there is a daily limit on the amount of RMB that may be converted by Hong Kong identity card holders through Hong Kong banks and investors who are Hong Kong identity card holders may have to allow more time to convert RMB from/to another currency. Where the Offshore RMB Centre as specified in the relevant Final Terms is a country other than Hong Kong, similar daily limits on RMB conversion could also exist. As a result of the restrictions imposed by the PRC government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited, which may adversely affect the liquidity of Notes and thus the value of the Notes.

- (b) ***RMB interest rate risk***

Interest rates are government controlled in Mainland China and it is uncertain whether full liberalisation of interest rates may occur. Further liberalisation (if any) may or may not influence the Offshore RMB interest rate. However, should the prevailing Offshore RMB interest rates fluctuate as a result, the value of the Notes may fluctuate as well.

- (c) ***RMB exchange rate risk***

Offshore RMB represents a market which is different from that of RMB deliverable in the PRC. The exchange rate of Offshore RMB against the U.S. dollar, Hong Kong dollar or other foreign currencies may be different from the exchange rate of RMB deliverable in the PRC against such currencies. Apart from its own supply and demand, the Offshore RMB exchange rate may be influenced by the onshore exchange rate (which currently trades within a band set by authorities in the onshore interbank market), and the two rates may converge with or diverge from each other.

Further liberalisation (if any) of foreign exchange control in Mainland China and further progress on RMB internationalisation may or may not occur, and even if it does occur, it may or may not influence the Offshore RMB exchange rate. Should the prevailing Offshore RMB exchange rate fluctuates as a result, the value of the Notes may fluctuate as well. If the value of Offshore RMB

depreciates against the U.S. dollar, Hong Kong dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms will decline.

(d) ***RMB payment risk***

If the Settlement Currency for the Notes is Offshore RMB and "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Final Terms, an investor is subject to the risk that payments in respect of such Notes will be made in U.S. dollars or another currency (as specified in the relevant Final Terms) instead of Offshore RMB. To the extent the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay any amounts as a result of Inconvertibility, Non-transferability or Illiquidity, the Issuer shall be entitled to settle any such payment in U.S. dollars or another currency on the due date at the Alternative Payment Currency Equivalent of any such amounts. In this case, the risk factors in the section entitled "(I) Risks relating to all issues of Notes – Exchange rate risks and exchange control risks" would apply as if U.S. dollars or such other currency (as specified in the relevant Final Terms) were the Settlement Currency.

(e) ***Gains on the transfer of Notes denominated or settling in Offshore RMB may become subject to income taxes under PRC tax laws***

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of Notes by holders who are deemed under the New Enterprise Income Tax Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the New Enterprise Income Tax Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. Enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, holders of the Notes who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of such Notes.

If a holder of Notes, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of Notes, the value of the relevant holder of Notes' investment in such Notes may be materially and adversely affected.

(f) ***Payments with respect to the Notes may be made only in the manner through Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre.***

Investors in the Notes should be aware that all Offshore RMB payments under the Notes will be made solely by credit to Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

This section provides details of the documents incorporated by reference which form part of this Base Prospectus and which are publicly available.

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

- (a) the registration document of the Issuer dated 16 April 2013 submitted to and filed with the FCA pursuant to Article 11 of the Prospectus Directive (the "**Registration Document**"); and
- (b) the Annual Reports and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2011 and 2012, including its audited, consolidated financial statements for the years ended 31 December 2011 and 2012 (the "**Financial Information**") submitted to and filed with the FCA,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Base Prospectus is prepared modifies or supersedes such statement.

Any documents incorporated by reference in the Registration Document or the Financial Information do not form part of this Base Prospectus. In respect of any document that is incorporated by reference in part only, the non incorporated parts of such document are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

The Issuer will at its registered office and at the offices of the Principal Paying Agent make available for inspection during normal business hours, upon reasonable notice, and free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus and any future filings or financial statements published by the Issuer). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent. Additionally, this Base Prospectus and all the documents incorporated by reference herein will be available for viewing at www.hsbc.com (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes'). For the avoidance of doubt, any websites referred to in this Base Prospectus or any information appearing on such websites and pages do not form part of this Base Prospectus.

DESCRIPTION OF THE NOTES

This section provides details of how an investment in the Notes works and how payments under the Notes are calculated, including a number of worked examples.

The Notes are debt obligations of the Issuer and either bear interest at a fixed or floating rate, or are non-interest bearing (in which case, they will generally be issued at a price less than their principal amount, or so-called "par value"). Set out below is a more detailed description of the various types of Note, together with worked examples of how interest and redemption amounts are calculated in relation to certain Notes.

(1) *Amounts due under the Notes*

An investor may be entitled to the following cash amounts in respect of each Note, depending on what is specified in the relevant Final Terms:

- unless "Instalment Notes" is specified as applicable in the relevant Final Terms, a single payment of principal, such payment being the "Final Redemption Amount";
- if "Instalment Notes" is specified as applicable in the relevant Final Terms, on each date which is specified as an "Instalment Date" in the relevant Final Terms, payment of the instalment of principal specified in the relevant Final Terms as the corresponding "Instalment Amount" for such Instalment Date;
- if "Fixed Rate Note provisions" are specified as applicable in the relevant Final Terms, payments of fixed amounts of interest on specified dates prior to the Notes being redeemed;
- if "Floating Rate Note provisions" are specified as applicable in the relevant Final Terms, payments of floating amounts of interest on specified dates prior to the Notes being redeemed; and
- if "Zero Coupon Note provisions" are specified as applicable in the relevant Final Terms, no interest is payable; however, on early redemption a percentage rate per annum specified in the relevant Final Terms as an "Accrual Yield" is applied to the Notes in order to calculate the amount payable on each Note upon its redemption.

Such amounts will ordinarily be paid in the currency specified in the Final Terms as the "Settlement Currency". Further details of certain of these amounts are provided below.

(2) *Final Redemption Amounts*

The Final Redemption Amount will be the principal amount of the Note or a specified percentage of such principal amount.

(3) *Early Redemption Amounts*

If "Issuer's optional redemption (Call Option)" is specified as applicable in the relevant Final Terms and exercised by the Issuer, payment of an early redemption amount will be made to the Noteholders on a date specified as an "Optional Redemption Date (Call Option)", such amount being the "Redemption Amount (Call Option)".

If "Noteholder's optional redemption (Put Option)" is specified as applicable in the relevant Final Terms and exercised by a Noteholder, payment of an early redemption amount will be made to the Noteholders on a date specified as an "Optional Redemption Date (Put Option)", such amount being the "Redemption Amount (Put Option)".

(4) *Interest Payments on Fixed Rate Notes*

If "Fixed Rate Note provisions" are specified as applicable in the relevant Final Terms, the Notes will bear interest at a fixed percentage rate. This is referred to in the Final Terms as the "Rate of Interest" and will either be expressed as a percentage rate per annum or a percentage rate for another fixed period.

The interest on such Notes will be paid on the dates specified in the relevant Final Terms as being the "Interest Payment Dates". The amount of interest or "Interest Amount" payable on each such Interest Payment Date will be calculated by applying the Rate of Interest to the outstanding principal amount of the Notes for the period from the last Interest Payment Date until the Interest Payment Date in question (or, in the case of the first Interest Payment Date, from the date which is specified in the relevant Final Terms as being the "Interest Commencement Date" until such first Interest Payment Date), and each such period is referred to as an "Interest Period". Such amounts may be specified in the relevant Final Terms as the "Fixed Coupon Amounts".

If Fixed Coupon Amounts for the Interest Payment Dates are not so specified, or if interest needs to be calculated for a period other than an Interest Period (such as where there is an unscheduled redemption of the Notes), interest will be calculated in relation to a specified principal amount of Note (the "Calculation Amount") by applying the Rate of Interest to such Calculation Amount and multiplying the product by a fraction known as a "Day Count Fraction". The Day Count Fraction reflects the number of days in the period for which interest is being calculated. A worked example of how a Day Count Fraction is applied in practice is set out below.

(5) *Interest Payments on Floating Rate Notes*

If "Floating Rate Note provisions" are specified as applicable in the relevant Final Terms, the Notes will bear interest at a Rate of Interest which is a variable percentage rate per annum or such other period as specified in the relevant Final Terms.

The Rate of Interest for Floating Rate Notes for a given Interest Period will be calculated by the Calculation Agent by reference either to:

- (i) where "Screen Rate Determination" is specified as applicable in the relevant Final Terms, quotations provided electronically by banks in "Relevant Financial Centre" specified in the relevant Final Terms; or
- (ii) where "ISDA Determination" is specified as applicable in the relevant Final Terms, a notional interest rate on a swap transaction in the Settlement Currency and,

in either case, where specified in the relevant Final Terms, the addition of an additional percentage rate per annum (known as the "Margin").

In order to calculate the Interest Amount payable per Note, the Calculation Agent will apply the Rate of Interest for such Interest Period to the Calculation Amount and multiply the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Settlement Currency.

Where "Minimum Interest Rate" is specified in the relevant Final Terms, the Rate of Interest will be restricted from falling below a fixed percentage level per annum (i.e. a so-called "floor"). Where a "Maximum Interest Rate" is specified in the relevant Final Terms, the Rate of Interest will not exceed a fixed percentage level per annum (i.e. a so-called "cap").

(6) *Payments on Zero Coupon Notes*

If "Zero Coupon Note provisions" are specified as applicable in the relevant Final Terms, the Notes will not be interest-bearing.

If Zero Coupon Notes are required to be redeemed early, the early redemption amount payable in respect of such Notes will be the sum of a reference amount specified in the relevant Final Terms known as the "Zero Coupon Note Reference Price" and the product of an annually compounded percentage rate specified in the relevant Final Terms known as the Accrual Yield applied to the Zero Coupon Note Reference Price over a period from the Issue Date to the date of early redemption.

Fixed Rate Note worked example:

The hypothetical scenario:

For the purposes of this example, it is assumed that the Final Terms specify the following in relation to each Fixed Rate Note:

- The Notes are issued on 15 June 2013.
- The Settlement Currency is EUR.
- The Calculation Amount is EUR 1,000.
- The Notes are issued in the denominations of EUR 1,000 and EUR 5,000.
- The Final Redemption Amount is 100% of the Calculation Amount.
- The Interest Payment Dates are specified as being 15 January and 15 June in each year.
- The Rate of Interest is specified as 0.9 per cent. per annum.
- The Fixed Coupon Amount is specified as Not Applicable.
- The term of the Notes is five years (and thus the Notes specify a "Maturity Date" of 15 June 2018).
- "Redemption at the option of the Issuer (Call Option)" is specified as applicable in the relevant Final Terms, which also specify that the Optional Redemption Date (Call Option) is 15 June 2015 and the Redemption Amount (Call Option) is 100.25%.
- The Day Count Fraction is Actual/Actual (ICMA).

(1) What is the interest amount payable on each Note on each Interest Payment Date?

The Calculation Agent will calculate the interest amount ("**Interest Amount**") payable in relation to each Interest Payment Date. Since no Fixed Coupon Amount is specified, the Calculation Agent will do so using the Day Count Fraction, as follows:

- (i) The Calculation Agent will apply the Rate of Interest (0.9 per cent. per annum) to the Calculation Amount of EUR 1,000. This results in a figure equal to EUR 9.00.
- (ii) This figure (EUR 9.00) is then multiplied by the Day Count Fraction. Interest on the Notes is to be paid on regularly occurring semi-annual Interest Payment Dates (i.e. 15 January and 15 June in each year). The Day Count Fraction is accordingly $\frac{1}{2}$ (being 1 divided by the number of regular interest periods in a year).
- (iii) Accordingly, this results in a figure of EUR 4.50 (i.e. $\frac{1}{2}$ x EUR 9.00).
- (iv) If the denomination of the Notes is equal to the Calculation Amount of EUR 1,000, then this figure will be the Interest Amount payable on each Interest Payment Date:
- (v) If the Note has a denomination larger than the Calculation Amount, the Interest Amount payable in respect of the Note will be calculated by dividing the denomination of the Note by the Calculation Amount and multiplying the result by the amount determined at (iii) above, as follows:
 - (a)
$$\frac{\text{EUR 5,000 (Denomination of Note)}}{\text{EUR 1,000 (Calculation Amount)}} = 5$$

then:
 - (b) $5 \times \text{EUR 4.50}$

= EUR 22.50

Accordingly, where the denomination of a Note is EUR 5,000, the Interest Amount payable in respect of such Note on each Interest Payment Date will be EUR 22.50.

The Interest Amount is paid twice per annum and, consequently, during the term of the Notes a total Interest Amount of EUR 45.00 will be payable (i.e. in respect of Notes with a denomination of EUR 1,000) or EUR 225.00 (i.e. in respect of Notes with a denomination of EUR 5,000).

(2) *What happens if the Issuer exercises its call option?*

If the Issuer exercises its call option, then the Notes will be redeemed by it on 15 June 2015, being the Optional Redemption Date (Call Option).

The amount payable in respect of each Calculation Amount of principal will be 100.25% of the Calculation Amount. The redemption amount is first calculated in respect of the Calculation Amount as follows:

EUR 1,000 (Calculation Amount) x EUR 100.25% (redemption amount) = EUR 1,002.50

Accordingly, the redemption amount for a Note whose denomination is equal to the Calculation Amount will be EUR 1,002.50.

For a Note in the denomination of EUR 5,000, the redemption amount will be calculated as follows:

EUR 1,002.50 (being the redemption amount per EUR 1,000 Calculation Amount) x 5 (i.e. result of dividing denomination of EUR 5,000 by Calculation Amount of EUR 1,000)

= EUR 5,012.50

Accordingly, the redemption amount for a Note in the denomination of EUR 5,000 will be EUR 5,012.50.

In addition, the interest payable on 15 June 2015 will be payable (i.e. EUR 4.50 for a Note in the denomination of EUR 1,000 and EUR 22.50 for a Note in the denomination of EUR 5,000). However, no further interest will be payable in respect of subsequent Interest Payment Dates.

Floating Rate Notes worked example:

The hypothetical scenario:

For the purposes of this example, it is assumed that the Final Terms specify the following in relation to each Floating Rate Note:

- The Notes are issued on 20 August 2013.
- The Settlement Currency is GBP.
- The Calculation Amount is GBP 1,000.
- The Final Redemption Amount of the Notes is 100% of the Calculation Amount.
- The Maximum Rate of Interest is 5%.
- The Minimum Rate of Interest is 1.13%.
- Margin is specified as Not Applicable.
- Screen Rate Determination is Applicable and the following information is specified:
 - the Reference Rate is 3-month LIBOR;
 - the Interest Determination Date is on the first day of the relevant Interest Period;
 - the Relevant Screen Page is Reuters Page LIBOR01;
 - the Relevant Financial Centre is London;
 - the Relevant Time is 11 a.m.; and
 - the Relevant Currency is GBP.
- The Interest Commencement Date is 20 August 2013.
- The Interest Payment Dates are 20 August in each year.
- The term of the Notes is five years (and thus the Notes specify a Maturity Date of 30 August 2018).
- The Day Count Fraction is Actual/365 (Fixed).

(1) *What is the interest amount payable on each Note on a particular Interest Payment Date?*

First, the Calculation Agent calculates the Rate of Interest that applies to the Interest Period ending on such Interest Payment Date (say, 20 August 2014).

As Screen Rate Determination is applicable to the Notes, the Calculation Agent does this by determining what rate is specified as 3-month LIBOR (the Reference Rate) for GBP (the Relevant Currency) which appears on Reuters Page LIBOR01 (the Relevant Screen Page) as of 11 a.m. (the Relevant Time) on 20 August 2013 (being the first day of the first Interest Period (i.e. the Interest Determination Date)).

Let us assume that the Calculation Agent determines that such rate is 2% per annum.

As Margin is specified as being Not Applicable to the Notes, the Rate of Interest for this Interest Period will therefore be 2% per annum. (Conversely, if Margin was applicable, then the Rate of Interest would be the sum of 2% and the percentage rate specified as the Margin.)

Secondly, the Calculation Agent calculates the Interest Amount payable in respect of such Interest Period as follows:

- (i) The Calculation Agent determines the Day Count Fraction applicable to the Interest Period. As the specified Day Count Fraction is Actual/365 (Fixed), this will be equal to the result of dividing the actual number of days in the Interest Period by 365, as follows:

$$\frac{365 \text{ (Number of days in the Interest Period)}}{365 \text{ (Day Count Fraction)}} \\ = 1$$

- (ii) The Calculation Agent then applies the Rate of Interest to the Calculation Amount:

$$2\% \times \text{GBP } 1,000 \\ = \text{GBP } 20.00$$

and multiplies the result by the Day Count Fraction:

$$\text{GBP } 20.00 \times 1 = \text{GBP } 20.00$$

Accordingly, the Interest Amount payable in respect of a Note for this Interest Period will be GBP 20.00.

(2) What if the rate determined by the Calculation Agent is less than the Minimum Interest Rate or more than the Maximum Interest Rate?

If the rate determined by the Calculation Agent after adding any applicable Margin is less than 1.13% or more than 5%, then the Rate of Interest will be the Minimum Interest Rate or, as the case may be, the Maximum Interest Rate as specified in the relevant Final Terms.

Accordingly, if, for example, the Rate of Interest so calculated would have been 0.5%, then; as the Minimum Interest Rate is specified as 1.13%, then the Rate of Interest will actually be 1.13%. As applied to the above example, if 2% were replaced by 1.13%, the Interest Amount payable would be GBP 11.30 per Note.

Zero Coupon Note worked example:

The hypothetical scenario:

For the purposes of this example, it is assumed that the Final Terms specify the following in relation to each Zero Coupon Note:

- The Issue Date is 1 January 2013.
- The Settlement Currency of denomination is USD.
- The Issue Price is USD 950 per Note (which is 95% of the Calculation Amount).
- The Final Redemption Amount of the Notes is at par value.
- The Calculation Amount is USD 1,000.
- The Accrual Yield is 5.236%.
- The Zero Coupon Note Reference Price is USD 950.
- The Day Count Fraction is not specified in the relevant Final Terms, so the default 30E/360 is applicable.
- The term of the Notes is one year (and thus the Notes specify a Maturity Date of 1 January 2014).

(1) *What happens if the Issuer is required to redeem the Zero Coupon Notes early for taxation reasons?*

In a scenario where Zero Coupon Notes are required to be redeemed early (e.g. 180 days after the Issue Date for taxation reasons), the Calculation Agent will calculate the early redemption amount payable by adding the Zero Coupon Note Reference Price to the product of the Accrual Yield (subject to the specified Day Count Fraction) applied to the Zero Coupon Note Reference Price.

- (i) The Calculation Agent will multiply the Accrual Yield by the Day Count Fraction:

$$\frac{[180 \text{ (Number of days elapsed since Issue Date)} \times 5.236\% \text{ (Accrual Yield)}]}{360}$$

$$= 0.02618$$

- (ii) The Calculation Agent will then apply the product of (i) above to the Zero Coupon Note Reference Price:

$$\text{USD } 950 \text{ (Zero Coupon Note Reference Price)} \times 0.02618$$

$$= \text{USD } 24.87$$

- (iii) The Calculation Agent will then add the product of (ii) above to the Zero Coupon Note Reference Price:

$$\text{USD } 24.87 + \text{USD } 950 \text{ (Zero Coupon Note Reference Price)}$$

$$= \text{USD } 974.87$$

Accordingly, the early redemption amount payable would be the Zero Coupon Note Reference Price plus USD 24.87 per Note.

(2) *What is the Final Redemption of the Zero Coupon Notes?*

If the Zero Coupon Notes are not redeemed prior to the Maturity Date, the Final Redemption Amount would be par or, if the relevant Final Terms specify, a percentage of par.

Accordingly, the Final Redemption Amount will be equal to 100% of the Calculation Amount, which is USD 1,000 per Note.

Please note: The worked examples provided above are produced for illustrative purposes only. The analysis is based on simplifying assumptions and hypothetical figures, and does not reflect a complete analysis of all possible gain and loss scenarios that may arise under any actual investment in the Notes. No representation or warranty is made by the Issuer or any of its affiliates that any scenario shown above can be duplicated under any actual investment in the Notes. Actual results may vary from the results shown above, and variations may be material. The mark-to-market value of the Notes can fluctuate either upward or downward due to changes in prevailing market conditions. Accordingly, if an investment in the Notes is unwound, repurchased or otherwise redeemed whether at or prior to its stated maturity, investors in such Notes may receive less than the purchase price of the Notes and therefore sustain a loss which in a worst case scenario may be equal to their invested amount.

TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the "**Conditions**") which apply to all Notes and which are completed by the relevant Final Terms for each issue of Notes. The Conditions will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Form of Notes and Summary of Provisions Relating to the Notes while in Global Form".*

The Notes are issued by HSBC Bank plc (the "**Issuer**") pursuant to a programme for the issuance of notes and warrants (the "**Programme**") established by the Issuer, are constituted by, and have the benefit of, a deed of covenant dated 27 July 2011 (the "**Deed of Covenant**"). The Notes also have the benefit of a master note issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006, 2 August 2007, 31 July 2008, 30 July 2009, 27 April 2010, 27 July 2010, 27 July 2011, 19 June 2012 and 18 June 2013 (as further modified and/or amended from time to time, the "**Master Note Issuance Agreement**") and made between the Issuer and HSBC Bank plc as dealer (the "**Dealer**", which expression shall include any successor Dealer) and an issuing and paying agency agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006, 2 August 2007, 31 July 2008, 30 July 2009, 27 April 2010, 27 July 2010, 27 July 2011, 19 June 2012 and 18 June 2013 (as further modified and/or amended from time to time, the "**Issuing and Paying Agency Agreement**") and made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Notes if so specified in the relevant Final Terms, which expression includes any successor or other Calculation Agent appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms), HSBC Bank plc as transfer agent (HSBC Bank plc being the "**Transfer Agent**", which expression shall include any additional or successor or other Transfer Agent appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms), HSBC Bank plc as the principal paying agent (HSBC Bank plc being the "**Principal Paying Agent**", which expression shall include any additional or successor or other Principal Paying Agent appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms and, together with any additional paying agent appointed pursuant to the Issuing and Paying Agency Agreement or the Computershare Agency Agreement (as defined below), as specified in the relevant Final Terms, the "**Paying Agents**"), HSBC Bank plc as issue agent (HSBC Bank plc being the "**Issue Agent**", which expression shall include any additional or successor or other Issue Agent appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms), HSBC Bank plc as registrar (HSBC Bank plc being the "**Registrar**", which expression shall include any additional or successor or other Registrar appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms) and the other parties specified therein.

In addition, the Issuer has entered into an agreement with Computershare Investor Services PLC dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Notes (as defined below).

All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on different issue dates. Each Tranche will be the subject of final terms ("**Final Terms**"), a copy of which will be attached to or endorsed on or incorporated by reference in each Note of such Tranche. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms and conditions save that a Series may comprise Bearer Notes and Registered Notes and may comprise Notes in more than one denomination. The Notes of each Tranche will have identical terms and conditions save that a Tranche may comprise Bearer Notes and Registered Notes and may comprise of Notes of different denominations.

Copies of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Deed of Covenant and the Computershare Agency Agreement are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Final Terms, this Base Prospectus and any supplemental prospectus may be obtained in each case during normal business hours at the specified office of the Issuer and of the Paying Agent in London or, in the case of Uncertificated Registered Notes, the CREST

Registrar. The Holders (as defined in Condition 2(b) (*Form, Denomination and Title – Bearer Notes*)) for the time being of Notes (the "**Noteholders**", which expression shall, in the case of Bearer Notes, include reference to the Holders of the Coupons appertaining thereto) and of any coupons (the "**Coupons**") or talons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Issuing and Paying Agency Agreement, the Computershare Agency Agreement, the Deed of Covenant, the Master Note Issuance Agreement and the relevant Final Terms which are applicable to them.

Words and expressions defined in the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement or the Computershare Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the relevant Final Terms, the relevant Final Terms will prevail.

1. **Definitions**

"**Accrual Yield**" means, in the case of Zero Coupon Notes, the percentage rate per annum specified as such in the relevant Final Terms;

"**Alternative Payment Currency**" means the currency, which may be Offshore RMB, specified as such in the relevant Final Terms;

"**Alternative Payment Currency Equivalent**" means the relevant amount in the Settlement Currency converted into the relevant Alternative Payment Currency using the Alternative Payment Currency Exchange Rate for the relevant Alternative Payment Currency Fixing Date;

"**Alternative Payment Currency Exchange Rate**" means the rate of exchange between the Settlement Currency and Alternative Payment Currency (expressed as the number of units of Alternative Payment Currency per one units of Settlement Currency) as determined by the Calculation Agent and published on the Alternative Payment Currency Fixing Page at the Alternative Payment Currency Fixing Time on the Alternative Payment Currency Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, then the Calculation Agent will determine the Alternative Payment Currency Exchange Rate in its sole and absolute discretion;

"**Alternative Payment Currency Fixing Date**" means the fifth day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as appropriate). For the purposes of this definition, "**day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the Settlement Currency Jurisdiction and the Alternative Payment Currency Jurisdiction;

"**Alternative Payment Currency Fixing Page**" means the Reuters or other screen page as specified as such in the Final Terms or any successor page thereof;

"**Alternative Payment Currency Fixing Time**" means the time and place as specified as such in the relevant Final Terms;

"**Alternative Payment Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Final Terms;

"**BA**" means, in respect of any Relevant Currency and any specified period, the average rate for bankers acceptances denominated in such Relevant Currency and having a tenor equal to such specified period;

"**BBR**" means, in respect of any Relevant Currency and any specified period, the rate for bills of exchange denominated in such Relevant Currency and having a tenor equal to such specified period;

"BUBOR" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Budapest interbank offered rate;

"Business Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Business Day" means:

- (i) in relation to any sum payable in euro, a Euro Business Day and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London and in each (if any) Business Centre and on which the relevant Clearing System is open for business; and
- (ii) in relation to any sum payable in a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the Settlement Currency and in each (if any) Business Centre and on which the relevant Clearing System is open for business;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms (which shall be one of the following expressions) and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Amount" means the amount in the Denomination Currency specified as such in the relevant Final Terms;

"CIBOR" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Copenhagen interbank offered rate;

"**Clearing System**" means, in relation to a Series of Notes, Euroclear, Clearstream, Luxembourg, and/or CREST in which Notes of the relevant Series are for the time being held, or, in relation to an individual Note, in which that Note is for the time being held, in each case as specified in the relevant Final Terms;

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*, Luxembourg;

"**Conversion Rate**" means the conversion rate of exchange specified as such in the relevant Final Terms or if such rate is not specified in the relevant Final Terms, the rate of exchange between the Denomination Currency and the Settlement Currency (expressed as the number of units of Settlement Currency per one unit of Denomination Currency or as the number of units of the Denomination Currency per one unit of Settlement Currency (as applicable) as determined by the Calculation Agent and published on Conversion Rate Fixing Page at the Conversion Rate Fixing Time on the Conversion Rate Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such a rate is not available, then the Calculation Agent will determine the Conversion Rate in its sole and absolute discretion;

"**Conversion Rate Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place as specified as such in the relevant Final Terms, or if such place or jurisdiction is not specified in the relevant Final Terms, the Settlement Currency Jurisdiction and the Denomination Currency Jurisdiction;

"**Conversion Rate Fixing Date**" means each of the dates specified as such in the relevant Final Terms or if such date is not a Conversion Rate Business Day the immediate following day that is a Conversion Rate Business Day or, if such date is not specified in the relevant Final Terms, the fifth Conversion Rate Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable);

"**Conversion Rate Fixing Page**" means the Reuters or other screen page specified as such in the Final Terms or any successor page thereof or if such page is not specified in the relevant Final Terms, the Calculation Agent will determine the relevant Conversion Rate by reference to the spot rate prevailing in the international exchange market;

"**Conversion Rate Fixing Time**" means the time and place specified as such in the relevant Final Terms;

"**CREST**" means CRESTCo. Limited;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the relevant Final Terms and:

- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the

actual number of days in such Regular Period and (2) the number of Regular Periods in any one year; and

- (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (iv) if "**Actual/365 (Sterling)**" is specified, means the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (viii) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D₂ will be 30;

"**Denomination Currency**" means the currency of denomination of the Notes as specified as such in the relevant Final Terms;

"**Denomination Currency Jurisdiction**" means the jurisdiction as specified as such in the relevant Final Terms;

"**Early Redemption Amount**" means, in relation to each Note or Calculation Amount (as applicable), an amount equal to the percentage per Calculation Amount or its Fair Market Value, in each case as specified in the relevant Final Terms;

"**EURIBOR**" means, in respect of any Relevant Currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate;

"**Euro**", "**euro**" "**EUR**", "**€**" each mean the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty;

"**Euro Business Day**" or "**TARGET Business Day**" means a day on which TARGET2 is open for settlement of payments in euro;

"**Euroclear**" means Euroclear Bank SA/NV;

"**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in the manner specified in Condition 11 (*Replacement, Exchange and Transfer*);

"**Fair Market Value**" means, in relation to any Note which is to be redeemed early, its fair market value immediately prior to the early redemption date, as determined by the Issuer (acting in good faith and in a commercially reasonable manner) and/or the Calculation Agent (acting in a commercially reasonable manner), as applicable, less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements;

"**Final Redemption Amount**" has the meaning given to it in Condition 5(a) (*Redemption and Purchase – At Maturity*);

"**First Interest Payment Date**" means the date specified as such in the relevant Final Terms;

"**Fixed Rate Note**" means a Note which bears interest at a fixed rate and in respect of which Condition 4A (*Interest – Fixed Rate Note Provisions*) is applicable;

"**Floating Rate Note**" means a Note which bears interest at a floating rate and in respect of which the relevant provisions of Condition 4B (*Interest – Floating Rate Note Provisions*) are applicable;

"**Foreign Exchange Dealer**" means an independent foreign exchange dealer of international repute active in the foreign exchange market in the relevant Settlement Currency Jurisdiction;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the Settlement Currency Jurisdiction;

"**HIBOR**" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Hong Kong interbank offered rate;

"**Illiquidity**" means where the general exchange market in the Settlement Currency Jurisdiction becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Settlement Currency in order to satisfy its obligation to pay any amount in respect of the Notes as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation (if practicable) with two Foreign Exchange Dealers;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general exchange market in the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Interest Commencement Date**" means the date specified as such in the relevant Final Terms;

"**Interest Determination Date**" means the day determined by the Calculation Agent, in its sole and absolute discretion, to be customary for fixing the Reference Rate applicable to deposits in the Relevant Currency for the relevant Interest Period; **provided that** where so specified in the relevant Final Terms, such day shall be a day (i) if such currency is euro, which is a Euro Business Day, and (ii) if such currency is any other currency, on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres of the country of such currency (or where such currency is a National Currency Unit) and the Notes have been redenominated into euro pursuant to Condition 8 (*Redenomination*), the former principal financial centre or centres);

"Interest Payment Date" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and supplemented as at the date of issue of the first Tranche of the Notes of the relevant Series), as published by the International Swaps and Derivatives Association, Inc;

"Issue Date" means the date specified as such in the relevant Final Terms;

"JIBAR" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Johannesburg interbank agreed rate;

"LIBOR" means, in respect of any Relevant Currency and any specified period, the interest rate benchmark known as the London interbank offered rate;

"local banking 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 the city in which the Principal Paying Agent, the Paying Agent, or the Registrar or the Transfer Agent, to which the relevant Note or Coupon is presented for payment is located;

"Margin" means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Final Terms;

"Maturity Date" has the meaning ascribed thereto in Condition 5(a) (*Redemption and Purchase – At Maturity*);

"Maximum Interest Rate" means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Final Terms;

"Maximum Redemption Amount (Call Option)" means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Final Terms;

"Maximum Redemption Amount (Put Option)" means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Final Terms;

"Minimum Interest Rate" means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Final Terms;

"Minimum Redemption Amount (Call Option)" means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Final Terms;

"Minimum Redemption Amount (Put Option)" means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Final Terms;

"MOSPRIME" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Moscow prime offered rate;

"National Currency Unit" means the national currency unit of any Participating Member State that becomes a denomination of the euro by reason of Council Regulation (EC) No. 1103/97, Council Regulation (EC) No. 974/98 or any other applicable laws;

"NIBOR" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Norwegian interbank offered rate;

"Non-transferability" means the occurrence of any event that makes it impossible for the Issuer to transfer Settlement Currency between accounts inside the Settlement Currency Jurisdiction or from an account inside the Settlement Currency Jurisdiction to an account outside the Settlement Currency Jurisdiction or from an account outside the Settlement Currency Jurisdiction to an account inside the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"Offshore RMB" means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulation and guidelines issued by relevant authorities in the Offshore RMB Centre prevailing as of the trade date of the Notes;

"Offshore RMB Centre" means either Hong Kong, Singapore, Taiwan or any other jurisdiction specified as such in the relevant Final Terms;

"Optional Redemption Date (Call Option)" means the date specified as such in the relevant Final Terms on which the Notes are being redeemed pursuant to Condition 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*);

"Optional Redemption Date (Put Option)" means the date specified as such in the relevant Final Terms on which the Notes are being redeemed pursuant to Condition 5(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*);

"Participating Member State" means any member state of the European Union that has adopted or adopts the single currency in accordance with the Treaty;

"PRIBOR" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Prague interbank offered rate;

"Rate of Interest" means:

- (i) where the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable, the rate of interest specified as such in the relevant Final Terms; and
- (ii) where the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable, the rate of interest determined in accordance with Conditions 4B(c) (*Floating Rate Note Provisions – Screen Rate Determination*) or 4B(d) (*Floating Rate Note Provisions – ISDA Determination*), as applicable;

"Redemption Amount (Call Option)" means, in relation to each Note, the percentage of its Calculation Amount or its Fair Market Value, in each case as specified in the relevant Final Terms;

"Redemption Amount (Put Option)" means, in relation to each Note, the percentage of its Calculation Amount or its Fair Market Value, in each case as specified in the relevant Final Terms;

"Redenomination Date" means a date (being, in the case of interest-bearing Notes, a date on which interest in respect of such Notes is payable) which:

- (i) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 8(a) (*Redenomination – General*); and

- (ii) falls on or after such date as the country of the Settlement Currency becomes a Participating Member State;

"Reference Bank(s)" means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Rate" means, as specified in the relevant Final Terms, BA, BBR, BUBOR, CIBOR, EURIBOR, HIBOR, JIBAR, LIBOR, MOSPRIME, NIBOR, PRIBOR, SIBOR, SOR, STIBOR, TELBOR, TIBOR, TIIE, TRYIBOR or WIBOR;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (iii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"Relevant Banking Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Principal Paying Agent or the Transfer Agent, in the place where the specified office of the Principal Paying Agent or, as the case may be, the Transfer Agent is located;

"Relevant Currency" means:

- (i) **"AUD"** which is the lawful currency of Australia;
- (ii) **"CAD"** which is the lawful currency of Canada;
- (iii) **"CHF"** which is the lawful currency of Switzerland;
- (iv) **"CZK"** which is the lawful currency of the Czech Republic;
- (v) **"DKK"** which is the lawful currency of Denmark;
- (vi) **"EUR"** which is the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty;
- (vii) **"GBP"** which is the lawful currency of the United Kingdom;
- (viii) **"HKD"** which is the lawful currency of Hong Kong Special Administrative Region of the People's Republic of China;
- (ix) **"HUF"** which is the lawful currency of the Republic of Hungary;
- (x) **"ILS"** which is the lawful currency of the State of Israel;
- (xi) **"JPY"** which is the lawful currency of Japan;

- (xii) "**MXN**" which is the lawful currency of the United Mexican States;
- (xiii) "**NOK**" which is the lawful currency of Norway;
- (xiv) "**NZD**" which is the lawful currency of New Zealand;
- (xv) "**PLN**" which is the lawful currency of Poland;
- (xvi) "**RUB**" which is the lawful currency of the Russian Federation;
- (xvii) "**SEK**" which is the lawful currency of the Kingdom of Sweden;
- (xviii) "**SGD**" which is the lawful currency of Singapore;
- (xix) "**TRY**" which is the lawful currency of the Republic of Turkey;
- (xx) "**USD**" which is the lawful currency of the United States of America; or
- (xxi) "**ZAR**" which is the lawful currency of the Republic of South Africa,

in each case as specified in the relevant Final Terms;

"Relevant Financial Centre" means the financial centre specified as such in the relevant Final Terms;

"Relevant Financial Centre Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, where such currency is a National Currency Unit and the Notes have been redenominated into euro pursuant to Condition 8 (*Redenomination*), the former principal financial centre or centres) and in any other place set out in the Final Terms. In the case of payments which fall to be made in euro (save for payments in relation to Notes which have been redenominated into euros pursuant to Condition 8 (*Redenomination*)), a Euro Business Day. The Relevant Financial Centre Days in relation to any Tranche determined in accordance with the above provisions as at the Issue Date shall be specified in the relevant Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" means the time specified as such in the relevant Final Terms;

"Renminbi", **"RMB"** and **"CNY"** all refer to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China and Taiwan);

"Settlement Currency" means the currency specified as such in the relevant Final Terms;

"Settlement Currency Jurisdiction" means the jurisdiction specified as such in the relevant Final Terms;

"SIBOR" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Singaporean interbank offered rate;

"SOR" means, in respect of any Relevant Currency and any specified period, the synthetic rate for deposits denominated in the Relevant Currency and having a tenor equal to such specified period;

"**Specified Period**" means the period specified as such in the relevant Final Terms;

"**STIBOR**" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Stockholm interbank offered rate;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TELBOR**" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Tel Aviv interbank offered rate;

"**TIBOR**" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Tokyo interbank offered rate;

"**TIE**" means, in respect of any Relevant Currency and any specified period, the *Tasa de Interés Interbancaria de Equilibrio* (Interbank Equilibrium Interest Rate) denominated in such Relevant Currency and having a tenor equal to such specified period;

"**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer;

"**TRYIBOR**" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Turkish interbank offered rate;

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended;

"**WIBOR**" means, in respect of any Relevant Currency and any specified period, the interest benchmark known as the Warsaw interbank offered rate;

"**Zero Coupon Note**" means a Note or Series of Notes specified as such in the relevant Final Terms; and

"**Zero Coupon Note Reference Price**" means the price per Note specified as such in the relevant Final Terms.

2. **Form, Denomination and Title**

(a) **Form**

Notes are issued in bearer form ("**Bearer Notes**"), in registered form ("**Registered Notes**") or in uncertificated registered form ("**Uncertificated Registered Notes**") as set out in the relevant Final Terms. Bearer Notes issued in definitive form are referred to as "**Definitive Notes**". Definitive Notes will be serially numbered. In the case of Registered Notes, a certificate will be issued to each Noteholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Registrar in respect of the Registered Notes.

(b) **Bearer Notes**

(i) *Denomination*

Subject to Condition 8 (*Redenomination*), Bearer Notes will be in the denomination(s) specified in relevant Final Terms. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denomination.

(ii) *General; Title*

Interest-bearing Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Interest-bearing Definitive Notes will also, if so specified in the relevant Final Terms,

have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so permits, include Talons.

Notes, the principal amount of which is repayable in instalments ("**Instalment Notes**") which are Definitive Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Subject as set out below, title to Bearer Notes will pass by delivery. References herein to the "**Holder**s" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(c) **Registered Notes**

(i) *Denomination*

Registered Notes will be in the denomination(s) and multiples specified in the relevant Final Terms.

(ii) *General; Title*

Title to Registered Notes passes by registration in the Register. References herein to the "**Holder**s" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the person in whose name any Registered Note is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(iii) *Regulations concerning transfer and registration of Registered Notes*

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(d) **Uncertificated Registered Notes**

The Uncertificated Registered Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Uncertificated Securities Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Uncertificated Securities Regulations. Title to the Uncertificated Registered Notes is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Notes and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the

Record as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Notes.

Uncertificated Registered Notes will be in the denomination(s) and multiples specified in the relevant Final Terms.

Title to Uncertificated Registered Notes will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Notes (including transfers of Uncertificated Registered Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the relevant Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Notes in uncertificated form, (II) the transfer of title to Uncertificated Registered Notes by means of a relevant system or (III) the Uncertificated Securities Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the relevant Final Terms, so long as the Uncertificated Registered Notes are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Notes shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Notes may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations, and (C) for the avoidance of doubt, the Conditions and the relevant Final Terms in relation to any Uncertificated Registered Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Note.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Uncertificated Securities Regulations and the relevant Operator (as such term is used in the Uncertificated Securities Regulations) is CREST (or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Notes and in accordance with the Uncertificated Securities Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Notes in accordance with Condition 12 (*Notices*).

If at any time:

- (i) a Noteholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Notes cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Notes are issued in exchange for the Uncertificated Registered Notes and that such Registered Notes are registered in such names as the Operator shall notify to the Issuer.

3. **Status**

The Notes are direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and, at their date of issue, (save for certain obligations required to be preferred by law) with all other unsecured and unsubordinated obligations of the Issuer for the time being outstanding.

4. **Interest**

4A. ***Fixed Rate Note Provisions***

(a) ***Application***

This Condition 4A (*Interest – Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

Fixed Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4A (*Interest – Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one denomination (as specified in the relevant Final Terms), shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note (as specified in the relevant Final Terms) divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

4B. ***Floating Rate Note Provisions***

(a) ***Application***

This Condition 4B (*Interest – Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

Floating Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4B (*Interest – Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has

received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) **Screen Rate Determination**

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears in the Relevant Currency on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appears in the Relevant Currency on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date; and
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, then:
 - (x) if ISDA Determination Fall-back provisions is specified in the relevant Final Terms as being applicable, then, subject to the last paragraph of Condition 4B(c) (*Interest – Floating Rate Note Provisions – Screen Rate Determination*), the Calculation Agent will determine the relevant Rate of Interest for the relevant Interest Determination Date in accordance with Condition 4B(d) (*Interest – Floating Rate Note Provisions – ISDA Determination*) on the basis of the Floating Rate Option, Designated Maturity and Reset Date specified in the relevant Final Terms and, if so specified in the relevant Final Terms, as if fewer than the minimum number of Reference Banks specified therein had quoted; and
 - (y) in all other cases, the Calculation Agent will:
 - (1) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate in the Relevant Currency at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time;
 - (2) determine the arithmetic mean of such quotations; and
 - (3) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Settlement Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Settlement Currency) on the first day of the relevant Interest Period for loans in the Settlement Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may

be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

For purposes of paragraph (iii)(x) above, if the Floating Rate Option specified in the relevant Final Terms for purposes of the ISDA Determination Fall-Back is:

- (aa) "HUF-BUBOR-Reference Banks", then, prior to determining the relevant Rate of Interest in accordance with such Floating Rate Option, the Calculation Agent will determine the relevant Rate of Interest on the basis of the BUBOR rate for the relevant period as published by the National Bank of Hungary pursuant to the BUBOR Regulation on the relevant Interest Determination Date; or
- (bb) "SGD-SOR--Reference Banks", then, prior to determining the relevant Rate of Interest in accordance with such Floating Rate Option, the Calculation Agent will determine the rate as being any substitute synthetic rate for SGD for the relevant period announced by the Association of Banks in Singapore ("**ABS**"),

and, if such published rate is available (in the case of (aa) above), or such a substitute rate is so announced by ABS prior to 4 p.m. (Singapore time) on the relevant Interest Determination Date (in the case of (bb)) above), then such rate as so determined shall be used for purposes of calculating the Rate of Interest in accordance with the immediately preceding paragraph of this Condition 4B(c) (*Interest – Floating Rate Note Provisions – Screen Rate Determination*), and, if such published rate is not available or such synthetic rate is not so announced (as the case may be), then the Calculation Agent shall proceed to determine the Relevant Rate of Interest in accordance with paragraph (iii)(x) above.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the "Floating Rate Option" (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the "Designated Maturity" (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant "Reset Date" (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Maximum or Minimum Interest Rate***

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the

nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) **Publication**

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s), to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum denomination.

(h) **Notifications etc.**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4B (*Interest – Floating Rate Note Provisions*) by the Calculation Agent will be made by the Calculation Agent and will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

4C. **Zero Coupon Note Provisions**

(a) **Application**

This Condition 4C (*Interest – Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

(b) If any amount payable in respect of a Zero Coupon Note is improperly withheld or refused, such an amount shall thereafter be an amount equal to the sum of:

- (i) the Zero Coupon Note Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Zero Coupon Note Reference Price on the basis of the relevant Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 4C(b) (*Interest – Zero Coupon Note Provisions*) and Condition 5(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) (or, if no such relevant Day Count Fraction is specified, a Day Count Fraction of 30E/360 shall apply) from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5. **Redemption and Purchase**

(a) ***At Maturity***

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at an amount (the "**Final Redemption Amount**") in the relevant Settlement Currency specified in the relevant Final Terms on the date specified in the relevant Final Terms as the scheduled date on which such Note is to be redeemed (the "**Maturity Date**") (or, in the case of Instalment Notes, in such number of instalments on such dates ("**Instalment Dates**") and in such amounts ("**Instalment Amounts**") as may be specified in the relevant Final Terms).

(b) ***Redemption for Taxation Reasons***

If the Issuer satisfies the Principal Paying Agent immediately prior to the giving of the notice referred to below that, in respect of a Series of Notes:

- (i) on a subsequent date for the payment of interest on such Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 6 (*Taxation*); or
- (ii) if the Issuer were to seek to redeem such Notes (for which purpose no regard shall be had to whether or not the Issuer would otherwise be entitled to redeem such Notes), the Issuer would (notwithstanding its having made such endeavours as the Principal Paying Agent shall determine, in its sole and absolute discretion, to be reasonable) be required to pay any additional amounts in accordance with the provisions of Condition 6 (*Taxation*);

the Issuer may, having given not less than 30 nor more than 45 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of such Notes, at their Early Redemption Amount together with interest accrued and unpaid, if any, to the date fixed for redemption **provided that** no such notice of redemption shall be given earlier than 90 days (or in the case of Floating Rate Notes a number of days which is equal to the lesser of the aggregate of the number of days in the then current Interest Period plus 60 days and 90 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof or the Issuer of their respective options to require the redemption of such Note under Condition 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 5(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*) respectively, below, if the due date for redemption under this Condition 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) would occur prior to that under Condition 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 5(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), respectively, but not otherwise and, in such circumstances, the exercise of the option under Condition 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 5(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), respectively shall be rendered ineffective.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient to establish the circumstances required to be established pursuant to this Condition 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) if the Issuer shall deliver to the Principal Paying Agent a certificate of an independent legal adviser or accountant satisfactory to the Principal Paying Agent to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws of the United Kingdom (including any regulations pursuant thereto), or in the interpretation or administration thereof, which at the date of such certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

(c) ***Redemption at the Option of the Issuer (Call Option)***

Where the Notes are specified in the relevant Final Terms as being redeemable at the option of the Issuer, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes), having given not less than five nor more than 30 days' notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) redeem on the Optional Redemption Date (Call Option) all, or some only, of the Notes then outstanding on the Optional Redemption Date (Call Option) and at the Redemption Amount (Call Option), together with interest accrued but unpaid thereon to the date fixed for redemption, as determined by the Calculation Agent in its sole and absolute discretion.

If the Notes of a Series are to be redeemed in part only on any date in accordance with this paragraph (c):

- (i) in the case of Bearer Notes (other than a Note which is a Temporary Global Note or a Permanent Global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Principal Paying Agent may approve and deem appropriate and fair, subject to the rules and procedures of Euroclear and/or Clearstream, Luxembourg (such redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion); and
- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

subject always to compliance with all applicable laws and the requirements of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

Where a Minimum Redemption Amount (Call Option) and/or a Maximum Redemption Amount (Call Option) is specified in the relevant Final Terms, the Redemption Amount (Call Option) shall not be less than the Minimum Redemption Amount (Call Option) and shall not be more than the Maximum Redemption Amount (Call Option).

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 11 (*Replacement, Exchange and Transfer*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the Option of the Noteholder (Put Option)***

Where the Notes are specified in the relevant Final Terms as being redeemable at the option of Noteholders, then where a Noteholder has given not less than 15 nor more than 30 days' notice to the Issuer with a copy to the Issue Agent in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), the Issuer shall, following receipt of such notice from the Noteholder and confirmation from the Issue Agent that it has been duly notified, redeem on the Optional Redemption Date (Put Option), so many of the Notes in respect of which such Noteholder has exercised such option as are outstanding on the Optional Redemption Date (Put Option) and at the Redemption Amount (Put Option), together with interest accrued but unpaid thereon to the date fixed for redemption, as determined by the Calculation Agent acting in its sole and absolute discretion.

Where a Minimum Redemption Amount (Put Option) and/or a Maximum Redemption Amount (Put Option) is specified in the relevant Final Terms, the Redemption Amount (Put Option) shall not be less than the Minimum Redemption Amount (Put Option) and shall not be more than the Maximum Redemption Amount (Put Option).

In order for any such notice given by a Noteholder to be effective, the Noteholder shall, on or prior to the date on which such notice is given, deposit the Note or Notes in respect of which such notice is given (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent, or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) or Condition 5(f) (*Redemption and Purchase – Early Redemption for Illegality*).

(e) ***Early Redemption of Zero Coupon Notes***

- (i) The redemption amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (A) the Zero Coupon Note Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Zero Coupon Note Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.
- (ii) Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of Condition 4C(b) (*Interest – Zero Coupon Note Provisions*) and this Condition 5(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) (or, if no such relevant Day Count Fraction is specified, a Day Count Fraction of 30E/360 shall apply).

(f) ***Early Redemption for Illegality***

The Issuer shall have the right to terminate its obligations under the Notes, if the Calculation Agent shall have determined in its absolute discretion that the performance of such obligations under the Notes (or the Issuer's or the Issuer's designated affiliates' obligations under any hedging arrangements established in connection therewith) shall have become unlawful or impracticable in whole or in part, including, without limitation, as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Issuer will pay to each Noteholder the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 12 (*Notices*).

(g) ***Purchases***

Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise, and such Notes may be held, reissued, resold or, provided such Notes are held by the Issuer, at the option of the Issuer, reissued or cancelled.

(h) ***Cancellation***

All Notes which are redeemed pursuant to Condition 5(a) (*Redemption and Purchase – At Maturity*), 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*), 5(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), 5(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) and 5(f) (*Redemption and Purchase – Early Redemption for Illegality*) shall, and all Notes purchased by the Issuer pursuant to this Condition 5(h) (*Redemption and Purchase – Cancellation*) may, at the option of

the Issuer, be cancelled forthwith (together with, in the case of Definitive Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(i) ***No Other Redemption Provisions***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 5(a) (*Redemption and Purchase – At Maturity*), 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 5(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*), 5(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), 5(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) and 5(f) (*Redemption and Purchase – Early Redemption for Illegality*).

6. **Taxation**

All payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In the event that the Issuer is so required by law to withhold or deduct, it will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes and/or, as the case may be, Coupons, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Note or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with the United Kingdom or any other relevant jurisdiction, other than the mere holding of such Note or Coupon;
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of principal or interest or by presenting the relevant Note or Coupon at the specified office of another Paying Agent;
- (c) more than 30 days after the Relevant Date (defined below) except, in the case of Bearer Notes, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;
- (d) in the case of Registered Notes, unless it is proved to the satisfaction of the Registrar that the Holder, immediately upon becoming the Holder, (i) was eligible for the benefits of a tax treaty with the United Kingdom or any other relevant jurisdiction that provides for a complete exemption from withholding taxes on payments under the Notes, or (ii) was otherwise entitled to a complete exemption from withholding taxes on payments under the Notes;
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Note or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only

to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Notes, if the full amount of the money payable has not been received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Holders in accordance with Condition 12 (*Notices*).

If the Issuer becomes resident for tax purposes in any taxing jurisdiction other than the United Kingdom, references in this Condition 6 (*Taxation*) to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

Any reference in these Conditions to principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 6 (*Taxation*);
- (ii) the principal amount payable on the relevant Notes on the Maturity Date;
- (iii) the principal amount payable on redemption of the relevant Notes prior to such Maturity Date; and
- (iv) any premium and any other amounts which may be payable under or in respect of the relevant Notes.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

7. **Payments**

(a) ***Bearer Notes***

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph). No payments on Bearer Notes will be made by mail to an address in the United States or by transfer to an account maintained by the Holder in the United States.

Payments of amounts due in respect of interest on Bearer Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States or its possessions (as defined in the U.S. Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and, if such Bearer Note is a Definitive Note or if the Final Terms so specify, a local banking day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4A (*Interest – Fixed Rate Note Provisions*), Condition 4B (*Interest – Floating Rate Note Provisions*), or Condition 4C (*Interest – Zero Coupon Note Provisions*), as appropriate.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they appertain will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Upon the due date for redemption of any Definitive Note other than a Fixed Rate Note, all unmatured Coupons and Talons (if any) relating to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Definitive Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in Condition 6 (*Taxation*)) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 10 (*Prescription*) or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall, in its sole and absolute discretion, determine which unmatured Coupons are to become void, and shall select, in its sole and absolute discretion, for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Definitive Notes becoming due and repayable prior to their Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription*) below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the due date for redemption of any Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

(b) **Registered Notes**

Payment of the amount due on final redemption in respect of Registered Notes will be made against presentation and, save in the case of partial payment of any such amount, surrender of the relevant certificate at the specified office of the Registrar or of the Transfer Agent. If the due date for payment of the Final Redemption Amount or any other redemption amount, as the case may be, of any Registered Note is not both a Relevant Financial Centre Day and, if such Registered Note is not in global form or if the Final Terms so specify, a local banking day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4A (*Interest – Fixed Rate Note Provisions*), Condition 4B (*Interest – Floating Rate Note Provisions*) or Condition 4C (*Interest – Zero Coupon Note Provisions*), as appropriate.

Payment of amounts (whether principal, interest or otherwise) due (other than on final redemption) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (local time in the place of the specified office of the Registrar) on the fifteenth day prior to the due date for such payment (the "**Record Date**").

Payment will be made in the currency in which such amount is due either by cheque posted to the Noteholder's registered address (or, in the case of joint Holders, the first-named) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar or to the Transfer Agent and the Registrar or, as the case may be, the Transfer Agent has acknowledged such application for payment to be made to a designated account denominated in the relevant Settlement Currency, in each case as specified in Condition 7(c) (*Payments – Uncertificated Registered Notes*).

(c) **Uncertificated Registered Notes**

The Issuer shall pay or cause to be paid when due payments of principal and interest (if any) in respect of Uncertificated Registered Notes to the relevant Noteholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Notes must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

(d) **General Provisions**

The following provisions apply to both Bearer Notes and Registered Notes (and do not apply to Uncertificated Registered Notes). Subject to Condition 7(e) (*Payments – Payment of Alternative Payment Currency Equivalent*), payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the relevant Settlement Currency either by cheque or, at the option of the payee, by transfer to an account in the relevant Settlement Currency specified by the payee other than, for payments in respect of Bearer Notes, any such account in the United States.

Payments and deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal or, as the case may be, payment of interest with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer or any parent or holding company of the Issuer or any subsidiary of any such parent or holding company to comply with the requirements of the U.S. Federal Income Tax laws or such other laws as the Issuer or any such parent or holding company or subsidiary thereof may be required to comply with.

Any amount payable with respect to a Note shall be rounded to the nearest applicable sub-unit of the currency in which such amount is payable (one half of any such sub-unit being rounded upwards).

(e) ***Payment of Alternative Payment Currency Equivalent***

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Final Terms, then if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments in respect of the Notes when due in the Settlement Currency, the Issuer may settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Final Terms on the due date at the Alternative Payment Currency Equivalent of any such amount due.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(e) (*Payments – Payment of Alternative Payment Currency Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders. By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

(f) ***Conversion***

If, in relation to a Series of Notes, the Settlement Currency is different from the Denomination Currency, any amount payable in respect of the Notes shall be converted into the Settlement Currency by using the relevant Conversion Rate as determined by the Calculation Agent.

8. **Redenomination**

(a) ***General***

Where redenomination is specified in the relevant Final Terms as being applicable, and in respect of Notes denominated in a National Currency Unit, the Issuer may, without the consent of the Noteholders, upon giving at least 30 days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*), designate a Redenomination Date.

With effect from the Redenomination Date:

- (i) each Note shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into such amount of euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Settlement Currency, converted into euro at the rate for the conversion of the relevant Settlement Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with EC regulations); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;

- (ii) if Notes are in definitive form:
 - (A) all unmatured Coupons denominated in the relevant Settlement Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;
 - (B) the payment obligations contained in all Notes denominated in the Settlement Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 8(a) (*Redenomination – General*)) shall remain in full force and effect; and
 - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the relevant Settlement Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the relevant Settlement Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, as though references in the Notes to the Settlement Currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union; and
- (iv) such other changes will be made to the Conditions as the Issuer may decide, with the prior approval of the Principal Paying Agent, to conform such Notes to conventions then applicable to Notes denominated in euro. Any such other changes will not take effect until after it has been notified to the Noteholders in accordance with Condition 12 (*Notices*).

Neither the Issuer nor the Principal Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

(b) **Interest**

Following redenomination of the Notes pursuant to Condition 8(a) (*Redenomination – General*):

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;

- (iii) in respect of Fixed Rate Notes where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Note on any Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;
- (iv) in respect of Floating Rate Notes, the Interest Amount payable in respect of the Notes for each Interest Period will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during the Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest euro 0.01; and
- (v) in respect of Floating Rate Notes, the Rate of Interest for any subsequent Interest Period shall be determined by the Calculation Agent on the basis of provisions which it determines, in its sole and absolute discretion, reflects the market practice in respect of internationally offered euro denominated securities.

9. **Events of Default**

If any one or more of the following events (each, an "**Event of Default**") shall occur and be continuing in relation to a Series of Notes:

- (a) there is a default for more than 14 days in the repayment of any principal due on the Notes of such Series or any of them or in the payment of any interest due in respect of the Notes of such Series or any of them, **provided that** it shall not be such a default to withhold or refuse any such payment (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of 14 days by independent legal advisers acceptable to the Principal Paying Agent as to such validity or applicability; or
- (b) an order is made or an effective resolution is passed for the winding-up of the Issuer in England (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved in writing by an Extraordinary Resolution of the Holders of the relevant Series of Notes),

then any Noteholder may, by written notice to the Issuer, effective upon the date of receipt thereof by the Issuer (such date the "**Early Redemption Date**"), declare the Note held by the Holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount, as specified in the relevant Final Terms, together with interest accrued and unpaid until the date of its redemption, without presentment, demand, protest or other notice of any kind.

10. **Prescription**

Notes and Coupons will become void unless presented for payment within a period of 10 years and five years, respectively, from the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such

Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 (*Prescription*) or Condition 7 (*Payments*).

11. **Replacement, Exchange and Transfer**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office (in the case of a Bearer Note or Coupon) of the Issue Agent or (in the case of Registered Notes) of the Registrar or of the Transfer Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement and the relevant Final Terms, a Registered Note may be exchanged for a Registered Note or Notes of equal aggregate principal amount in such different authorised denominations as may be requested by the Noteholder by surrender of such Registered Note at the specified office of the Registrar or of the Transfer Agent, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement, a Registered Note, in definitive form, may be transferred in whole or in part only (**provided that** such part is, or is an appropriate multiple of, the minimum denomination set out in the Final Terms) by the Holder or Holders surrendering the Registered Note for registration of transfer at the specified office of the Registrar or the Transfer Agent, duly endorsed by, or accompanied by a written instrument to transfer in form satisfactory to the Issuer and the Registrar or the Transfer Agent, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

If so set out in the relevant Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent or of the Registrar or the Transfer Agent, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined below) where the exchange date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 7(b) (*Payments – Registered Notes*)) for such payment of interest and the date on which such payment of interest fall due.

Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for delivery at the specified office of the Registrar or the Transfer Agent, or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail or insurance charges that may be imposed in relation hereto, shall be borne by the Issuer.

The Registrar or the Transfer Agent, as the case may be, shall not be required to register the transfer or exchange of Registered Notes for a period of 15 days preceding the due date for any payment of principal or interest in respect of such Notes.

12. **Notices**

(a) ***Notices to Noteholders***

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid: (i) if published, in the case of Bearer Notes and Coupons, in one leading daily newspaper with circulation in London (which is expected to be the *Financial Times* or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe); (ii) in the case of Registered Notes, if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders; **provided that**, in each case, in the case of Notes admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of such listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation have been complied with; and (iii) in the case of Uncertificated Registered Notes, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange. Any such notice shall be deemed to have been given on the date of such publication or delivery or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

(b) ***Notices from Noteholders***

Notices given by any Noteholder shall be in writing and given by lodging the same, together with relevant Note or Notes (if applicable), with the Principal Paying Agent or other Paying Agent or with the Registrar (as the case may be) at its specified office.

13. **Paying Agents, Calculation Agents, Issue Agents, Transfer Agents and Registrars**

- (a) The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Calculation Agents, the initial Issue Agent, the initial Transfer Agent, the initial Registrar and their respective initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar and/or approve any change in the specified office through which any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar acts, **provided that:**

- (i) so long as any Bearer Notes are outstanding, there will at all times be a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000;
- (ii) so long as any Bearer Notes are outstanding, there will at all times be a Principal Paying Agent; and
- (iii) so long as any Registered Notes are outstanding, there will at all times be a Registrar and a Transfer Agent.

- (b) In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 7(a) (*Payments – Bearer Notes*). Any variation, termination, appointment or change shall only take effect (other

than in the case of an insolvency, when it shall be of immediate effect) after notice has been given to the Noteholders in accordance with Condition 12 (*Notices*).

- (c) All calculations and determinations made by the Calculation Agent pursuant to the Conditions for the purposes of the Notes shall be made in good faith.

14. **Meetings of Noteholders, Modification and Substitution**

(a) ***Meetings of Noteholders***

The Master Note Issuance Agreement contains provisions for convening meetings of the Holders of the Notes of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Note Issuance Agreement) of a modification of the Notes or any of the provisions of the Master Note Issuance Agreement. Such a meeting may be convened by the Issuer or by Holders of the Notes of any Series holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of the Notes of any Series whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes, reducing or cancelling the amount of principal payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders of the Notes of any Series shall be binding on all the Noteholders, whether or not they are present at the meeting.

(b) ***Modification***

Subject in case of the Issuing and Paying Agency Agreement and the Master Note Issuance Agreement (as applicable) to the agreement of the other parties thereto, the Issuer may agree, without the consent of the Noteholders, to:

- (i) any modification (except as mentioned above) of the Issuing and Paying Agency Agreement or the Master Note Issuance Agreement or the Conditions which is not materially prejudicial to the interests of the Noteholders as a whole;
- (ii) any modification of the Conditions or the Issuing and Paying Agency Agreement or the Master Note Issuance Agreement which is of a formal, minor or technical nature or is made to correct a manifest error to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (iii) any modification of the Notes which is made to correct an inconsistency between the final terms and conditions of the Note issue (comprising these Conditions as completed by the relevant Final Terms) and the relevant termsheet relating to the Notes.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

(c) ***Substitution***

The Issuer may also agree, without the consent of the Noteholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer as principal debtor under the Notes of any Series and the Coupons appertaining thereto (if any), **provided that** such Notes and the Coupons appertaining thereto (if any) are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New

Issuer. Any such substitution shall be promptly notified to the relevant Noteholders in accordance with Condition 12 (*Notices*). In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Noteholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Noteholder.

15. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders of Notes of any Series or Holders of the Coupons appertaining thereto (if any) to create and issue further notes ranking equally in all respects with the Notes of such Series so that the same shall be consolidated and form a single series with such Notes for the time being outstanding.

16. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17. **Governing Law**

(a) ***Governing law***

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.

(b) ***English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with the Notes (including any Dispute regarding the existing, validity or redemption of the Notes or the consequence of their nullity).

FORM OF NOTES AND SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

This section provides information regarding Notes issued in global form and issued into certain clearing systems.

Notes may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series comprising either Bearer Notes, Registered Notes or Uncertificated Registered Notes as specified in the relevant Final Terms. The summary that follows is only in relation to Bearer Notes and Registered Notes.

Bearer Notes

Bearer Notes may be issued in the new global note form (a "**New Global Note**" or "**NGN**"), as set out in Part I and Part II of Schedule 1 to the Issuing and Paying Agency Agreement or, if not intended to be issued in NGN form, will be issued in classic global note form (a "**Classic Global Note**" or "**CGN**"), as set out in Part I and Part II of Schedule 2 to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms, or in such other form as the relevant parties may agree.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the Eurosystem, **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form were to be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 would only be eligible as collateral for Eurosystem operations if the NGN form was used.

Where the Global Notes issued in respect of any Tranche are in NGN form, the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Bearer Notes treated as issued in bearer form for U.S. federal income tax purposes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(D) ("**TEFRA D**", which definition shall include any successor rules in substantially the same form as TEFRA D for the purposes of Section 4701 of the U.S. Internal Revenue Code), unless the relevant Final Terms provides that such Notes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(C) ("**TEFRA C**", which definition shall include any successor rules in substantially the same form as TEFRA C for the purposes of Section 4701 of the U.S. internal Revenue Code). Bearer Notes issued in accordance with TEFRA D will be represented upon issue by a temporary global note in bearer form without interest coupons (a "**Temporary Global Note**"). Bearer Notes issued in accordance with TEFRA C will be represented upon issue by a permanent global note in bearer form without interest coupons (a "**Permanent Global Note**") or by a Temporary Global Note. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV as operator for Euroclear and/or Clearstream, Luxembourg ("**Common Depository**"). Each Temporary Global Note or, as the case may be, Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg ("**Common Safekeeper**"). Beneficial interests in a Temporary Global Note issued in accordance with TEFRA C will be exchangeable at any time and without any requirement for certification for Bearer Notes in definitive form ("**Definitive Bearer Notes**"), in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms. Interests in a Temporary Global Note issued in accordance with TEFRA D will be exchangeable either for Definitive

Bearer Notes or for interests in a Permanent Global Note, on or after the date which is 40 days after the date on which such Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms.

For the purposes of complying with TEFRA D, Bearer Notes may not be offered or sold to a United States person. "**United States person**" means any person who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof or therein or (iii) an estate or trust the income of which is subject to United States taxation regardless of its source.

The forms of Temporary Global Note and Permanent Global Note (each, a "**Global Note**") will contain provisions applicable to the Notes represented thereby, some of which may modify the effect of the Conditions of the Notes. Certain of these are summarised in this section.

All payments, if any, in respect of Bearer Notes when represented by a Temporary Global Note or Permanent Global Note in CGN form or in NGN form, will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents. On each occasion on which a payment is so made, the Issuer shall procure that, in respect of a CGN, record of such payment is noted on a schedule to the relevant Global Note and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

In respect of Bearer Notes represented by Global Notes, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in a Global Note (each, an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes.

The records of the relevant clearing systems which reflect the amount of Noteholders' interests in the Notes shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes.

An exchange of a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as set out in the relevant Final Terms) and provided certification as to the beneficial ownership thereof as required by the U.S. Treasury Regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depository) has been received. An exchange for Registered Notes will be made at any time after the Exchange Date without any requirement for certification, subject as set out in the relevant Global Note or Final Terms.

The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole or in part) for a Permanent Global Note or for delivery of Definitive Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

If any date on which a payment of principal or interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related principal or interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by the U.S. Treasury Regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depository) has been received by Euroclear or Clearstream, Luxembourg. Payments of amounts due in respect of a Permanent Global Note will be made through any of Euroclear or Clearstream, Luxembourg without any requirement for certification.

Interests in a Permanent Global Note will be exchanged, at the cost and expense of the Issuer, by the Issuer in whole (but not, subject to (b)(ii) below, in part only), for Definitive Notes (a) at the option of the holder of such Permanent Global Note, for Definitive Notes, (i) if the Notes of the relevant Series become immediately repayable in accordance with Condition 9 (*Events of Default*), or (ii) if any of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, or (b) at the option of the Issuer: (i) unless otherwise provided in the Final Terms, where the Issuer or any Paying Agent, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if the Notes were in definitive form or (ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form or, as the case may be, in registered form.

Where a Permanent Global Note is exchangeable for Definitive Notes, then such Notes shall be tradable only in principal amounts of at least the Denomination (or if there is more than one Denomination, the lowest Denomination).

The Issuer may, at any time in writing, waive or limit its right to exchange a Permanent Global Note for Definitive Notes in the circumstances described above, where the Issuer at its sole discretion considers such limitation or waiver to be desirable in respect of a particular Series of Notes.

Definitive Bearer Notes will, if interest-bearing and if so specified in the relevant Final Terms, have Coupons and, if applicable, a talon for further Coupons attached. All Definitive Bearer Notes will, if the principal thereof is repayable by instalments, have endorsed thereon a grid for recording the payment of principal.

Following redenomination of the Notes pursuant to Condition 8 (*Redenomination*):

- (i) if Notes are required to be issued in definitive form, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders; and
- (ii) the amount of interest due in respect of Notes represented by the Temporary Global Note and the Permanent Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid, in the case of Notes in global form, if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the persons shown in their respective records as having interests therein; **provided that**, in each case, in the case of Notes that have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, the rules of such listing authority, stock exchange and/or quotation system have been complied with. Any such notice shall be deemed to have been given on the date of such delivery or, if the Notes are admitted to listing, trading and/or quotation and publication is required under the applicable rules of the relevant listing authority, stock exchange and/or quotation system, on the date of publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

Registered Notes

Registered Notes may be issued under the new safekeeping structure (the "NSS") or, if not intended to be issued under the NSS, will be issued under the classic safekeeping structure (the "CSS") or under such other structure as the relevant parties may agree.

Following the introduction of the NGN form in June 2006, the Eurosystem required the ICSDs to review the custody arrangements for international debt securities in global registered form. Further to this review, the NSS has been introduced to allow for the possibility of Notes being issued and held in a

manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form would be offered by Euroclear and Clearstream, Luxembourg as from 30 June 2010 and that registered debt securities in global registered form held through Euroclear and Clearstream, Luxembourg after 30 September 2010 would only be eligible as collateral in Eurosystem operations if the NSS was used.

In the case of Registered Notes, the relevant Final Terms may specify that the Notes will be issued in global form ("**Global Registered Notes**") held in specified clearing systems, as described below, or in definitive form ("**Definitive Registered Notes**").

Where the Global Registered Notes issued in respect of any Tranche are in NSS form, the relevant clearing systems will be notified whether or not such Global Registered Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Registered Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Regulation S Global Registered Notes

In the case of a Series or Tranche of Registered Notes offered and sold solely outside the United States (as defined in Regulation S) in reliance on Regulation S to non-U.S. persons, such Series or Tranche of Registered Notes may be represented by a Global Registered Note without interest coupons (a "**Regulation S Global Registered Note**"), which will be deposited on or about the issue date for the relevant Tranche with, and registered either in the name of the Common Depositary, or, in relation to Notes issued under the NSS, in the name of the Common Safekeeper (or its nominee). Interests in any Regulation S Global Registered Note will be exchangeable (in circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*") for Definitive Registered Notes ("**Regulation S Definitive Registered Notes**").

Each Regulation S Global Registered Note will have an ISIN code.

Owner of Global Registered Notes and Payments

Subject to certain provisions of the Issuing and Paying Agency Agreement relating to directions, sanctions and consents of Holders of Registered Notes and to meetings of Holders of Notes, so long as Euroclear, Clearstream, Luxembourg or the nominee of their Common Depositary or the Common Safekeeper, as the case may be, is the registered owner or holder of a Global Registered Note, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note for all purposes under the Issuing and Paying Agency Agreement and the Notes. Payments of principal, interest and additional amounts, if any, pursuant to Condition 7 (*Payments*), on Global Registered Notes will be made to Euroclear, Clearstream, Luxembourg or such nominee thereof, or common service provider acting as agent for Euroclear and Clearstream, Luxembourg, as the case may be, or the registered holder thereof. None of the Issuer, the Registrar, or any Paying Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Each such payment in respect of a Global Registered Note will be made to the person shown as the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (in the relevant clearing system) on the business day on which each clearing system for which

the Global Registered Note is being held is open for business which is the business day of each such clearing system before the due date for such payment.

Exchange and Transfer of Global Registered Notes for Definitive Registered Notes

Beneficial interests in a Regulation S Global Registered Note will be exchangeable, in whole but not in part, for Regulation S Definitive Registered Notes: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; (ii) the Issuer, at its option, elects to terminate the book-entry system through Euroclear and Clearstream, Luxembourg; (iii) the Notes become immediately repayable in accordance with Condition 9 (*Events of Default*); or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form.

The holder of a Registered Note may transfer such Registered Note in accordance with the provisions of Condition 2 (*Form, Denomination and Title*) of the Conditions of the Notes.

The holder of a Definitive Registered Note may transfer such Note by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon.

The Registrar will not register the transfer of or exchange of interests in a Global Registered Note for Definitive Registered Notes for a period of 15 calendar days preceding the due date for any payment in respect of the Notes.

FORM OF FINAL TERMS

Set out below is the template of the "Final Terms", a document which will be filled out for each issue of Notes and which will complete the terms and conditions in respect of each such issue of Notes.

Final Terms dated: [•]

HSBC Bank plc

Programme for the Issuance of Notes and Warrants

[Further] Issue of

[Aggregate Principal Amount of Tranche] [Title of Notes]

[(to be consolidated and form a single series with the existing Tranche[s] [])]

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 to be defined 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 is 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 (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: [] [The Notes issued under these Final Terms are to be consolidated and form a single series with [] (the "**Original Issue**") issued on [] [(ISIN):[]].]
3. Currency:
 - (i) Denomination Currency: []
 - (ii) Settlement Currency: []
4. Aggregate Principal Amount [of Notes admitted to trading]:
 - [(i) Series: []]
 - [(ii) Tranche: []]
5. Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from []]

6. (i) Denomination(s): []
(ii) Calculation Amount: []
7. (i) Issue Date: []
(ii) Interest Commencement Date: [] [Issue Date] [Not Applicable]
8. Maturity Date: [] [adjusted in accordance with Business Day Convention [and any applicable Business Centre(s) for the definition of Business Day]] [or, if later, the [fifth] Business Day following the Conversion Rate Fixing Date]
9. Interest basis: [[] per cent. [and [] per cent.] Fixed Rate]
[[] +/- [] per cent. Floating Rate]
[Zero Coupon Notes]
10. Redemption basis: [Redemption at par/percentage of par]
[Instalment]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

11. Fixed Rate Note provisions: [Applicable] [Not Applicable]
- (i) Rate of Interest: [] per cent. [per annum] [] payable in arrear on [each] [the first] [] Interest Payment Date [[and] [] per cent. per annum payable in arrear on [] [the last] Interest Payment Date]
- (ii) Interest Payment Date(s): [] [in each year] [] [adjusted in accordance with the Business Day Convention] [not adjusted]
- (iii) Fixed Coupon Amount(s): [[] per Calculation Amount] [Not Applicable]
- (iv) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [Actual/Actual (ICMA)] [30E/360] [30E/360 (ISDA)] [Not Applicable]
- (v) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention/Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention/Floating Rate Convention/Eurodollar Convention] [No Adjustment]
- (vi) Business Centre(s): [] [Not Applicable]
12. Floating Rate Note provisions: [Applicable] [Not Applicable]
- (i) Interest Period(s): [] [Not Applicable]
- (ii) Specified Period: [] [Not Applicable]
- (iii) Interest Payment Date(s): []

- (iv) First Interest Payment Date: []
- (v) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention/Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention/Floating Rate Convention/Eurodollar Convention] [No Adjustment]
- (vi) Business Centre(s): [] [Not Applicable]
- (vii) Screen Rate Determination: [Applicable] [Not Applicable]
- (1) Reference Rate: [BA] [BBR] [BUBOR] [CIBOR] [EURIBOR] [HIBOR] [JIBAR] [LIBOR] [MOSPRIME] [NIBOR] [PRIBOR] [SIBOR] [SOR] [STIBOR] [TELBOR] [TIBOR] [TIIE] [TRYIBOR] [WIBOR]
- (2) Interest Determination Date: []
- (3) Relevant Screen Page: []
- (4) Relevant Financial Centre: []
- (5) Relevant Time: []
- (6) Relevant Currency: [AUD] [CAD] [CHF] [CZK] [DKK] [EUR] [GBP] [HKD] [HUF] [ILS] [JPY] [MXN] [NOK] [NZD] [PLN] [RUB] [SEK] [SGD] [TRY] [USD] [ZAR]
- (7) ISDA Determination for Fall-back provisions: [Applicable] [Not Applicable]
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- Minimum number of Reference Banks quoting: [] [Not Applicable]
- (viii) ISDA Determination: [Applicable] [Not Applicable]
- (1) Floating Rate Option: []
- (2) Designated Maturity: []
- (3) Reset Date: []
- (ix) Margin: [[+/-] [] per cent. per [annum] []] [Not Applicable]

- (x) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/365 (Fixed)]
[Actual/365 (Sterling)] [Actual/360] [30/360]
[Actual/Actual (ICMA)] [30E/360] [30E/360 (ISDA)]
[Not Applicable]
- (xi) Minimum Interest Rate: [[] per cent. per [] [annum]] [Not Applicable]
- (xii) Maximum Interest Rate: [[] per cent. per [] [annum]] [Not Applicable]
13. Zero Coupon Note provisions: [Applicable] [Not Applicable]
- (i) Accrual Yield: [] per cent. per annum
- (ii) Zero Coupon Note Reference Price: []
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Actual/Actual (ISDA)] [Actual/365 (Fixed)]
[Actual/365 (Sterling)] [Actual/360] [30/360]
[Actual/Actual (ICMA)] [30E/360 (ISDA)]
[[Condition 4C(b) (*Interest – Zero Coupon Note Provisions*)) [and] [Condition 5(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) apply]]]

PROVISIONS RELATING TO REDEMPTION

14. Issuer's optional redemption (Call Option): [Applicable] [Not Applicable]
- (i) Redemption Amount (Call Option): [[] per Calculation Amount] [Fair Market Value]
- (ii) Series redeemable in part: [[] per Calculation Amount] [Fair Market Value]
- (iii) Optional Redemption Date (Call Option): []
- (iv) Minimum Redemption Amount (Call Option): [[] per Calculation Amount] [Not Applicable]
- (v) Maximum Redemption Amount (Call Option): [[] per Calculation Amount] [Not Applicable]
15. Noteholder's optional redemption (Put Option): [Applicable] [Not Applicable]
- (i) Redemption Amount (Put Option): [[] per Calculation Amount] [Fair Market Value]
- (ii) Optional Redemption Date (Put Option): []
- (iii) Minimum Redemption Amount (Put Option): [[] per Calculation Amount] [Not Applicable]
- (iv) Maximum Redemption Amount (Put Option): [[] per Calculation Amount] [Not Applicable]

16. Final Redemption Amount of each Note: [] per Calculation Amount

17. Instalment Notes: [Applicable] [Not Applicable]

Instalment Date(s) and corresponding Instalment Amount(s):	<i>Instalment Date</i>	<i>Instalment Amount</i>
	[]	[]

18. Early Redemption Amount: [[] per cent. of the Calculation Amount] [Fair Market Value]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes:

(i) Form of Notes: [Bearer Notes] [Registered Notes] [Uncertificated Registered Notes]

(ii) Bearer Notes exchangeable for Registered Notes: [Yes] [No] [Not Applicable]

20. New Global Note: [Yes] [No] [Not Applicable]

21. New Safekeeping Structure: [Yes] [No] [Not Applicable]

22. If issued in bearer form: [Applicable] [Not Applicable]

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

(ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: [Yes] [No] [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] [No. 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] [No] [Not Applicable]

(v) Talons for future Coupons to be attached to Definitive Notes: [Yes] [No] [Not Applicable]

(vi) Receipts to be attached to Definitive Notes: [Yes] [No] [Not Applicable]

23. Exchange Date for exchange of Temporary Global Note: [] [Not earlier than 40 days after the Issue Date]

24. If issued in registered form: [Applicable] [Not Applicable]
 - Initially represented by: [Global Registered Note] [Definitive Registered Notes]
 [Regulation S Global Registered Note]
25. Payments:
- (i) Relevant Financial Centre Day: []
- (ii) Business Centre(s) [In respect of the [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] []]
- (iii) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
- Settlement Currency Jurisdiction: []
- Alternative Payment Currency: []
- Alternative Payment Currency Jurisdiction: []
- Alternative Payment Fixing Page: []
- Alternative Payment Fixing Time: []
- Offshore RMB Centre: [Hong Kong] [Singapore] [Taiwan] [] [Not Applicable]
- (iv) Conversion Rate: [] [Not Applicable]
- Conversion Rate Business Days: [] [the definition in Condition 1 (*Definitions*) applies]
- Conversion Rate Fixing Date: [] [the definition in Condition 1 (*Definitions*) applies]
- Conversion Rate Fixing Page: [] [the definition in Condition 1 (*Definitions*) applies]
- Conversion Rate Fixing Time: []
- Denomination Currency Jurisdiction: []
- Settlement Currency Jurisdiction: []
26. Redenomination: [Applicable] [Not Applicable]

CONFIRMED**HSBC BANK PLC**

By:
Authorised Signatory

Date:

PART B – OTHER INFORMATION**1. LISTING**

- (i) Listing: [Application [will be] [has been] 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.] [Not Applicable]
- (ii) Admission to trading: [The Original Issue was admitted to trading on the regulated market of the London Stock Exchange plc on [].] [Application [will be] [has been] 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.] [Not Applicable]
- [(iii) Estimated total expenses of admission to trading: []]

2. [RATINGS]

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: []]
- [Moody's Investors Service Limited: []]
- [Fitch Ratings Limited: []]

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: []
- (ii) Estimated net proceeds: []
- (iii) Estimated total expenses and taxes specifically charged to the subscriber or purchaser: []]

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Dealer(s)] [[Lead] Manager(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)] [[Lead] Manager(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.] [Not Applicable]]

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: []

6. **[Floating Rate Notes only – HISTORIC INTEREST RATES]**

Information on past and future performance and volatility of the [BA] [BBR] [BUBOR] [CIBOR] [EURIBOR] [HIBOR] [JIBAR] [LIBOR] [MOSPRIME] [NIBOR] [PRIBOR] [SIBOR] [SOR] [STIBOR] [TELBOR] [TIBOR] [TIIE] [TRYIBOR] [WIBOR] interest rates can be obtained from [Reuters] [].]

7. **[PERFORMANCE OF RATE[S] OF [CONVERSION] [EXCHANGE]]**

Information on past and future performance and volatility of the [] [conversion] [exchange] rate[s] can be obtained from [Reuters] [].]

DISTRIBUTION

8. (i) If syndicated, name[s] and address[es] of Dealers [and underwriting commitments]: []
- (ii) Date of subscription agreement: []
- (iii) Indication of the overall amount of the underwriting commission and of the placing commission: [[] per cent. of the Aggregate Nominal Amount [of the Tranche]] [Not Applicable]
9. If non-syndicated, name and address of Dealer: []
10. TEFRA Rules applicable to Bearer Notes: [TEFRA C Rules] [TEFRA D Rules] [TEFRA Not Applicable]
11. Public Offer: [Applicable][Not Applicable]
- (i) Details of the Public Offer: An offer of this Tranche of Notes may be made by the Dealers [and []] ([together with the Dealers,] the "**Initial Authorised Offeror[s]**") [and any other Authorised Offerors published on the Issuer's website www.hsbc.com (following links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') other than pursuant to Article 3(2) of the Prospectus Directive in [Austria] [Germany] [Luxembourg] [The Netherlands] [United Kingdom] (the "**Public Offer Jurisdiction[s]**") during the period from and including [] until but excluding [] (the "**Offer Period**").
- (ii) Conditions attached to the consent to use the Prospectus: [] [Not Applicable]

OPERATIONAL INFORMATION

12. ISIN Code: [] [Not Applicable]
13. Common Code: [] [Not Applicable]

14. Valoren Number: [Not Applicable]
15. SEDOL: [Not Applicable]
16. WKN: [Not Applicable]
17. Clearing System: [Euroclear] [Clearstream, Luxembourg] [CREST]
18. Delivery: Delivery [against] [free of] payment
19. Principal Paying Agent/Registrar/Issue Agent/Transfer Agent: [HSBC Bank plc]
20. Additional Paying Agent(s) (if any): [Not Applicable]
21. Common Depository: [HSBC Bank plc] [Not Applicable]
22. Common Safekeeper: [HSBC Bank plc] [Not Applicable]
23. Calculation Agent: [HSBC Bank plc] [HSBC France]

TERMS AND CONDITIONS OF THE OFFER

24. Offer Price: [Issue Price] []
25. 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: [Not Applicable]
26. The time period, including any possible amendments, during which the offer will be open: [Not Applicable]
27. Conditions to which the offer is subject: [Not Applicable]
28. Description of the application process: [Not Applicable]
29. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]
30. Details of the minimum and/or maximum amount of application: [Not Applicable]
31. Details of the method and time limits for paying up the securities and delivering of the securities: [Not Applicable]
32. Manner in and date on which results of the offer are to be made public: [Not Applicable]
33. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable]

- 34. Whether tranche(s) have been reserved for certain countries: [] [Not Applicable]
- 35. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [] [Not Applicable]
- 36. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [] [Not Applicable]
- 37. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [] [Not Applicable]
- 38. Name and address of any paying agents and depository agents in each country: [] [Not Applicable]
- 39. 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]

USE OF PROCEEDS

This section provides details of what the Issuer intends to do with the subscription monies it receives for the Notes it issues.

Unless otherwise specified in the relevant Final Terms, the net proceeds from each issue of Notes will be used by the Issuer for profit making or risk hedging purposes.

TAXATION

This section provides a summary of the withholding tax position in relation to the Notes in the United Kingdom and also provides information in relation to the EU Savings Directive and the proposed financial transactions tax.

Transactions involving the Notes may have tax consequences for investors which may depend, amongst other things, upon the status of the investor and laws relating to transfer and registration taxes. Investors who are in any doubt about the tax position of any aspect of transactions involving the Notes should consult their own tax advisers.

United Kingdom Taxation – Notes

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest and certain other payments in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

(A) United Kingdom Withholding Tax

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be regarded as "listed on a recognised stock exchange" for this purpose if (and only if) they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part VI of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The London Stock Exchange is a recognised stock exchange for these purposes, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the regulated market of the London Stock Exchange.

3. In addition to the exemptions set out in paragraphs 1 and 2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:
 - (a) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the United Kingdom Prudential Regulation Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
 - (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
4. In all other cases, falling outside the exemptions described in paragraphs 1, 2 and 3 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply.
5. Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

(B) Provision of information

1. Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.
2. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" as defined for the purposes of Schedule 23, Finance Act 2013 (although, in this regard, HMRC published guidance for the year 2013/2014 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).
3. Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

(C) Other Rules Relating to United Kingdom Withholding Tax

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "**interest**" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should

seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

5. The above summary under the heading of "*United Kingdom Taxation – Notes*" assumes that there will be no substitution of the Issuer pursuant to Condition 14 (*Meetings of Noteholders, Modification and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

European Union Taxation

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from that date.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax

In September 2011, the European Commission attempted to introduce an EU-wide financial transactions tax. However not all the Member States were in favour of such a tax and so the tax could not be implemented in all Member States. Subsequently, 11 Member States of the EU requested that the European Commission develop a proposal for the introduction of a common financial transactions tax ("**FTT**") for each of those Member States. The European Commission developed such a proposal under the EU's enhanced cooperation procedure which allows nine or more Member States to implement common legislation. In January 2013 the EU Council of Ministers authorised the European Commission to proceed with enhanced cooperation for a common FTT and the European Commission has now published a draft Directive containing proposals for the FTT. This FTT is intended to be introduced in the 11 participating Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). Additional Member States may decide to participate.

The proposed FTT imposes a charge on a wide range of financial transactions including purchases and sales of financial instruments including bonds; this charge will be levied at not less than 0.1% of the sale price. Material modifications of financial instruments also attract a charge at the applicable rate. In both cases the charge is applied separately to each financial institution that is party to a transaction; if a financial institution does not pay the tax then its counterparty will be jointly and severally liable.

A charge to FTT will arise if at least one party to a financial transaction is established in a participating Member State and a financial institution established in (or which is treated as established in) a participating Member State is a party to the transaction, for its own account or for the account of another person, or if the financial institution is acting in the name of a party to the transaction.

It is important to be aware that a financial institution will be treated as established in a participating Member State if, among other things, its seat is there, it is authorised there (as regards authorised transactions) or it is acting via a branch in that Member State (as regards branch transactions). It may also be treated as established in a participating Member State in relation to a particular transaction, merely because it is entering into the financial transaction with another person who is established in that Member State.

Furthermore, a financial institution which is not otherwise established in a participating Member State will be treated as established in a participating Member State in respect of a financial transaction if it is a party (for its own account or for the account of another person), or is acting in the name of a party, to a financial transaction in respect of a financial instrument issued within that Member State. The other party to such a transaction will, to the extent not otherwise established in a participating Member State, also be treated as established in that Member State.

There are limited exemptions to the proposed FTT; one important exemption is the "primary market transactions" exemption which should cover the issuing, allotting, underwriting or subscribing for shares, bonds and securitised debt. There is some uncertainty as to whether this exemption applies to the issuance of commercial paper or money market instruments, although the taxation of such issuances would seem likely to be in breach of EU law. There are no broad exemptions for financial intermediaries or market makers. Therefore the effective cumulative rate applicable to some dealings in financial instruments could be greatly in excess of the headline rate of the tax.

Even though the FTT is to be introduced only in the participating Member States, it can be seen from what is said above that if the FTT is introduced in the form proposed it could make dealings in financial instruments more costly for persons both inside and outside the 11 participating Member States, and the FTT could be payable in relation to Notes issued under this Base Prospectus if the FTT is introduced in the form proposed and the conditions for a charge to arise are satisfied.

The proposed FTT is still under review and it may therefore change significantly if it is implemented. In particular, in April 2013 the UK Government announced that it is to challenge the legality of certain aspects of the proposed FTT. This challenge may lead to changes in the scope of any FTT that is introduced.

It is currently proposed that the FTT should be introduced in the participating Member States on 1 January 2014. Holders of the Notes are strongly advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE OF NOTES

This section sets out details of the arrangements between the Issuer and the Dealer(s) as to the offer and sale of Notes and summarises selling restrictions that apply to the offer and sale of Notes in various jurisdictions.

General

- (1) The Dealer has, in a Master Note Issuance Agreement, agreed with the Issuer a basis upon which it may from time to time agree either as principal or agent of the Issuer to subscribe for or purchase, to underwrite or, as the case may be, to procure subscribers or purchasers for Notes. When entering into any such agreement to subscribe for or purchase, to underwrite, or as the case may be, to procure subscribers for or purchasers for any particular Series of Notes, the Issuer and the relevant Dealer(s) will agree details relating to the form of such Notes and the Conditions relating to such Notes, the price at which such Notes will be purchased by the relevant Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription or purchase. The Master Note Issuance Agreement contains provisions for the Issuer to appoint other Dealers from time to time either generally in respect of the Programme or in relation to a particular Tranche of Notes.
- (2) Other than with respect to the applications which have been or will be made for a certificate of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FCA to the competent authorities in Austria, Germany, Luxembourg and The Netherlands, no action has been or will be taken in any country or jurisdiction by the Issuer or the relevant Dealer(s) that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the relevant Dealer(s) to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute the Base Prospectus or any Final Terms or related offering material, in all cases at their own expense.

Dubai International Financial Centre

The Notes have not and may not be offered to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "**DFSA**"); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

European Economic Area

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a drawdown prospectus, as the case may be) to the public in that Relevant Member State may not be made except that, with effect from and including the Relevant Implementation Date, an offer of such Notes to the public in that Relevant Member State may be made:

- (a) **Approved prospectus**: if the Final Terms or drawdown prospectus, as applicable, in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another

Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a drawdown prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including, when implemented, the 2010 PD Amending Directive, to the extent of such implementation in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling Restrictions Addressing Additional France Securities Laws

Notes may not be offered or sold, directly or indirectly, nor may this Base Prospectus, any relevant Final Terms or any other offering material relating to the Notes be distributed or caused to be distributed, to the public in France. An offer of Notes to the public in France will be made only in compliance with the Prospectus Directive and the applicable laws, regulations and procedures in France, including the approval of this Base Prospectus by the FCA having been notified to the French *Autorité des marchés financiers* (the "**AMF**") in accordance with Article 18 of the Prospectus Directive, as implemented in France, and all the other procedures and formalities required by French laws and regulations to permit the offering and sale of Notes in France.

For the purposes of this provision only, the expression "**the public in France**" does not include (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*, but excluding individuals referred to in Article D.411-1 ii 2.

Selling Restrictions Addressing Additional Republic of Italy Securities Laws

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly no Notes may be offered, sold or delivered, and no copies of this Base Prospectus and any other document relating to the Notes may be distributed, in the Republic of Italy except:

- (1) to "**qualified investors**", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"), and defined in article 34-ter, paragraph 1, letter (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**");

- (2) that Notes may be offered, sold or delivered, or copies of any prospectus relating to such Notes may be distributed, in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; and
- (3) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy (with a minimum denomination lower than €100,000 or its equivalent in another currency), Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

Selling Restrictions Addressing Additional The Netherlands Securities Laws

Zero Coupon Instruments (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of NYSE Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Instrument in global form, or (b) in respect of the initial issue of Zero Coupon Instruments in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Instruments in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Instruments within, from or into The Netherlands if all Zero Coupon Instruments (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein, "**Zero Coupon Instruments**" are Instruments that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Selling Restrictions Addressing Additional Norway Securities Laws

Notes denominated in Norwegian Krone (NOK) may not be offered or sold, directly or indirectly, within the Kingdom of Norway or to or for the benefit of Norwegian purchasers. Each purchaser of Notes denominated in Norwegian Krone (NOK) will be deemed to have acknowledged, represented and agreed that such Notes may not be offered or resold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers.

Selling Restrictions Addressing Additional Kingdom of Spain Securities Laws

Notes may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the "LMV") as amended and restated, and Royal Decree 1310/2005, of 4 November 2005, partially developing Law 24/1988, of 28 July, on the Securities Market in connection with listing of securities in secondary official markets, initial purchase offers, rights issues and the prospectus required in these cases (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1 988, de 28 de Julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended and restated, and the decrees and regulations made thereunder and by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*) to provide investment services in Spain.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

An invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of Notes in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer.

All applicable provisions of the FSMA must be complied with in respect of anything done in connection with the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Notes (except for Notes which are a "**structured product**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) may not be offered or sold in Hong Kong by means of any document other than:

- (a) to "**professional investors**" as defined in the Securities and Futures Ordinance of Hong Kong and any rules made under that Ordinance; or
- (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) may be issued or held in the possession of the Issuer or any Dealer or any other offeror nominated by the Issuer for the purpose of such issue of Notes, other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Kingdom of Bahrain

This Base Prospectus or any Final Terms do not constitute an offer to: (i) the Public (as defined in Articles 142 - 146 of the Commercial Companies Law (decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an "**accredited investor**".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

The Notes have not been and will not be offered to (i) to the Public in the Kingdom of Bahrain except pursuant to the provisions of Articles 80-85 of the Central Bank of Bahrain and Financial Institutions Law; and (ii) except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

People's Republic of China

Notes may not be offered or sold, directly or indirectly, in the People's Republic of China (the "**PRC**") (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

This Base Prospectus or any information obtained by reference herein relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, or will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this Base Prospectus in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant government approvals, verifications, licenses or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/ or overseas investment regulations.

Russia

The Notes have not been and will not be registered in the Russian Federation or admitted to public placement and/or public circulation in the Russian Federation and are not intended for "**placement**" or "**circulation**" in the Russian Federation and may not be offered in any form to any person in the Russian Federation except as permitted by Russian law.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation

for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law; or
4. as specified in Section 276(7) of the SFA.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notes which are "structured products" according to the Swiss Collective Investment Scheme Act (the "CISA") may only be offered, sold, advertised or otherwise distributed, and any offering or marketing material relating to such Notes may only be distributed in Switzerland by way of private placement exclusively to qualified investors according to article 10 CISA.

Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus according to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus according to the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus according to CISA.

Should any Series of Notes be publicly offered, admitted to trading or listed in Switzerland, this will be set out in the relevant Final Terms and the Issuer will prepare supplemental documents to the extent required by Swiss law and the rules and regulations of the SIX Swiss Exchange. Investors should in such case also consult any such document before making any investment decision.

The Notes do not constitute participations in a collective investment scheme according to the CISA. Therefore, the Notes are not subject to the approval of, or supervision by, the Swiss Financial Market

Supervisory Authority FINMA ("FINMA"), and investors in the Notes will not benefit from protection under the CISA or supervision by FINMA.

Taiwan

The Notes may not be offered or sold in Taiwan unless they have been approved or reported for effectiveness for public offering and sale or are sold through private placement pursuant to Taiwan laws. The Notes may not be sold to any holder acting for the benefit or account of, or using funds of, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan.

Holders of Notes are not permitted to, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Notes to or for the benefit or account of, or in consideration of funds received from, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan.

The Notes will not be offered or sold to, and will not be offered or sold in consideration of funds received from, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan. Any sale or transfer of the Notes in violation of these restrictions will be invalid and will not be recognised by the Issuer.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Notes have not and may not be offered, sold or publicly promoted or advertised in the United Arab Emirates (the "UAE") other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities. The information contained in this Base Prospectus or any Final Terms does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus or any Final Terms is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Master Note Issuance Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

GENERAL INFORMATION

This section provides additional, general disclosure in relation to the Programme.

1. The continuation of the Programme and the issue of Notes under the Programme have been duly authorised by and pursuant to resolutions of a committee of the board of directors of the Issuer dated 11 June 2013.
2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, and may also be accepted for clearance through CREST. The appropriate the International Securities Identification Number ("**ISIN**"), common code ("**Common Code**"), Valoren number ("**Valoren Number**"), Stock Exchange Daily Official List ("**SEDOL**") number and/or Wertpapierkennnummer ("**WKN**") in relation to the Notes of each Series will be set out in the relevant Final Terms. The address of Euroclear Bank SA/NV is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Banking, *société anonyme* is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of CREST is 33 Cannon Street, London EC4M 5SB, United Kingdom.
3. Settlement arrangements will be agreed between the Issuer, the relevant Dealers and the Registrar (where applicable) and the Principal Paying Agent.
4. In relation to the Issuer, any transfer of, or payment in respect of, a Note or Coupon involving the government of any country which is at the relevant time the subject of United Nations, European Union or United Kingdom sanctions or other similar measures implemented or effective in the United Kingdom, any person or body resident in, incorporated in or constituted under the laws of, or carrying on a business in, any such country or exercising public functions in any such country, or any person or body controlled by any of the foregoing or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions or other similar measures, or otherwise may be the target of any such sanctions or other similar measures.
5. Generally, any notice, document or information to be sent or supplied by the Issuer to its shareholder(s) may be sent or supplied in accordance with the Companies Act 2006 (the "**Act**") (whether authorised or required to be sent or supplied by the Act or otherwise) in hard copy form or in electronic form. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Issuer is unable effectively to convene a general meeting by notices sent through the post, subject to the Act, a general meeting may be convened by a notice advertised in at least one United Kingdom national newspaper. Such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the advertisement first appears. In any such case the Issuer shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
6. Notices to the Noteholders are made in accordance with the Conditions of the relevant Notes.
7. In relation to each Tranche of Notes, the indication of yield (if any) referred to in the relevant Final Terms will be calculated at the Issue Date of such Tranche on the basis of the Issue Price of such Tranche. It is not an indication of future yield.
8. Any tranche of Notes intended to be admitted to listing on the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange will be so admitted to listing and trading upon submission to the FCA and the London Stock Exchange of the relevant Final Terms and any other information required by the FCA and/or the London Stock Exchange, subject in each case to the issue of the relevant Notes. Prior to listing and admittance to trading of Notes, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the date of the transaction.
9. A M Thomas and S N Cooper were appointed as an independent non-executive Director of the Issuer and a non-executive Director of the Issuer, respectively, with effect from 18 April 2013. A R D Monro-Davis resigned from the Issuer's board of directors with effect from 25 April 2013.

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