

NOTICE FROM THE ISSUER TO THE NOTEHOLDERS

THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE BENEFICIAL OWNERS OF THE NOTES (AS DEFINED BELOW). IF APPLICABLE, ALL DEPOSITARIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO PASS THIS NOTICE TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (if you are in the United Kingdom) or authorised under Italian Legislative Decree No. 58 of 24 February 1998 and CONSOB Regulation No. 20307 of 15 February 2018 (in each case as amended from time to time) (if you are in Italy), or from another appropriately authorised independent financial adviser and such other professional advice from your own professional advisors as you deem necessary.

This Notice is addressed only to holders of the Notes (as defined below) and persons to whom it may otherwise be lawful to distribute it ("relevant persons"). It is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Notice relates is available only to relevant persons and will be engaged in only with relevant persons.

If you have recently sold or otherwise transferred your entire holding(s) of any of the Notes referred to below, you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

THIS NOTICE DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER FOR SALE, EXCHANGE OR SUBSCRIPTION OF, OR A SOLICITATION OF ANY OFFER TO BUY, EXCHANGE OR SUBSCRIBE FOR, ANY SECURITIES OF THE ISSUER OR ANY OTHER ENTITY IN ANY JURISDICTION.

THIS NOTICE IS FOR INFORMATION PURPOSE ONLY AND IT DOES NOT CONSTITUTE AN OFFER OF SECURITIES TO THE PUBLIC BY THE ISSUER OR ANY OTHER ENTITY PURSUANT TO REGULATION (EU) 2017/1129 OR LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998.

HSBC Bank plc
8 Canada Square London E14 5HQ
(A company incorporated with limited liability in England with registered number 14259)
(the "Issuer")

Programme for the Issuance of Notes and Warrants

(Interest Rate-Linked and Inflation-Linked Notes)

NOTICE TO THE HOLDERS OF

USD 500,000,000 Fixed Rate Interest Step-up to Floating Rate Notes due 28 September 2024
(ISIN Code: XS1876165819) (the "Notes")

Reference is made to the terms and conditions of the Notes set out in the "*Terms and Conditions of the Notes*" of the Base Prospectus dated 29 June 2018 relating to Interest Rate-Linked and Inflation- Linked Notes issued under the above programme (the "Base Prospectus") as supplemented by the terms set out in the final terms dated 10 September 2018 (the "Original Final Terms" and together, the "Conditions"). Capitalised terms used and not otherwise defined in this notice shall have the meanings given thereto in the Conditions.

NOTICE IS HEREBY GIVEN by the Issuer to the Holders of the Notes, the Principal Paying Agent and the Calculation Agent that:

- (1) On 5 March 2021, the Financial Conduct Authority ("FCA") announced, amongst other things, that ICE Benchmark Administration ("IBA") notified the FCA, following the completion of its recent consultation and notices of future departure received from the majority of the panel banks for each LIBOR setting, that it intends to cease providing all LIBOR settings for all currencies, subject to any rights of the FCA to compel IBA to continue publication (the "Announcements"). Furthermore, the Alternative Reference Rates Committee ("ARRC") highlighted that the Announcements did not identify any successor administrator to the LIBOR benchmark settings.
- (2) Pursuant to Condition 13A(a) (*Consequences of a Benchmark Trigger Event*) of the Notes, the Issuer (in consultation with the Calculation Agent) has determined that a Benchmark Trigger Event has occurred in relation to the Relevant Benchmark in respect of the Notes.
- (3) In accordance with Condition 13A(a)(ii)(A) (*Consequences of a Benchmark Trigger Event*):
 - (a) the Issuer has determined that references to the Relevant Benchmark shall be deemed to be replaced by references to the Replacement Index with effect from the Benchmark Trigger Event Determination Date. For such purposes, the Benchmark Trigger Event Determination Date shall be deemed to be the Interest Payment Date falling on or around 28 September 2023; and
 - (b) the Issuer has determined to make certain other necessary adjustments to the Conditions (as set out in the Annex hereto).

This Notice and any non-contractual obligations arising out of or in connection with this Notice will be governed by and construed in accordance with the laws of England and Wales.

This Notice is given by:

HSBC BANK PLC

Date: 28 June 2023

ANNEX

Amended and Restated Final Terms

Final Terms dated: 10 September 2018 as amended and restated on 28 June 2023 (the "Amendment Date")

HSBC Bank plc

Programme for the Issuance of Notes and Warrants

(Interest Rate-Linked and Inflation-Linked Notes)

**Issue of up to USD 500,000,000 Fixed Rate Interest Step-up to Floating Rate Notes due
28 September 2024**

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 29 June 2018 relating to Interest Rate-Linked and Inflation-Linked Notes issued under the above Programme, together with each supplemental prospectus relating to the Base Prospectus published by the Issuer after 29 June 2018 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 investors', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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| 1. | Issuer: | HSBC Bank plc |
| 2. | Tranche Number: | 1 |
| 3. | Currency: | |
| | (i) Denomination Currency: | United States Dollar ("USD") |
| | (ii) Settlement Currency: | USD |
| 4. | Aggregate Principal Amount: | |
| | (i) Series: | Up to USD 500,000,000.00, provided that the Issuer, in agreement with the <i>Direttore del Consorzio</i> (as defined below), will be entitled to increase the Aggregate Principal Amount of the Notes up to USD 750,000,000.00 |
| | (ii) Tranche: | Up to USD 500,000,000.00, provided that the Issuer, in agreement with the <i>Direttore del Consorzio</i> (as defined below), will be entitled to increase the Aggregate Principal Amount of the Notes up to USD 750,000,000.00 |
| | | The Aggregate Principal Amount will not exceed USD 750,000,000.00 and will be determined at the end of the Offer Period (as defined in paragraph 10 (i) of Part B below) and such final amount will be filed with the United Kingdom Financial Conduct Authority as competent authority and |

published on <https://www.hsbc.com/investor-relations/fixed-income-investors/subsidiary-company-securities>

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| 5. | Issue Price: | 100 per cent. of the Aggregate Principal Amount |
| 6. | (i) Denomination(s): | USD 2,000 |
| | (ii) Calculation Amount: | USD 2,000 |
| | (iii) Aggregate Outstanding Nominal Amount Rounding: | Not Applicable |
| 7. | (i) Issue Date: | 28 September 2018 |
| | (ii) Interest Commencement Date: | Issue Date |
| | (iii) Trade Date: | 4 September 2018 |
| 8. | Maturity Date: | 28 September 2024 |
| 9. | Interest basis: | Fixed Rate Interest Step-up to Floating Rate |
| 10. | Redemption basis: | Redemption at par |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 11. | Type of Interest: | Fixed Rate Note provisions and Floating Rate Note provisions |
| 12. | Switch Option: | Not Applicable |
| 13. | Automatic Interest Switch | Not Applicable |
| 14. | Fixed Rate Note Provisions: | Applicable in respect of the period from (and including) the Issue Date to (but excluding) 28 September 2021 |
| | (i) Rate of Interest: | 2.40 per cent. per annum payable in arrear on the First Interest Payment Date (as defined below), subject thereafter to an Interest Step- up as set out in the table below in paragraph 14(ix) (<i>Interest Step-up</i>) |
| | (ii) Interest Payment Date(s): | 28 September in each year from and including 28 September 2019 (the " First Interest Payment Date "), up to and including 28 September 2021 |
| | (iii) Fixed Coupon Amount(s): | Not Applicable |
| | (iv) Day Count Fraction: | Actual/Actual (ICMA) |
| | (v) Range Accrual: | Not Applicable |
| | (vi) Add On Interest: | Not Applicable |
| | (vii) Business Day Convention: | No Adjustment |
| | (viii) Business Centre(s): | London, New York and TARGET2 |
| | (ix) Interest Step-up: | Applicable |

| Relevant Interest Payment Date | Rate of Interest |
|---------------------------------------|--------------------------|
| 28 September 2020 | 2.85 per cent. per annum |
| 28 September 2021 | 3.30 per cent. per annum |

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| (x) Interest Step-down: | Not Applicable |
| 15. Floating Rate Note Provisions: | Applicable in respect of the period from (and including) 28 September 2021 to (but excluding) the Maturity Date |
| (i) Interest Period(s): | As per the Conditions |
| (ii) Specified Period: | Not Applicable |
| (iii) Interest Payment Date(s): | 28 September in each year from and including 28 September 2022 to and including the Maturity Date |
| (iv) Business Day Convention: | No Adjustment |
| (v) Business Centre(s): | London, New York and TARGET2 |
| (vi) Rate Switch Date: | The Interest Payment Date falling on or around 28 September 2023, provided that the interest provisions specified under the section of this Pricing Supplement headed " <i>Prior to the Rate Switch Date</i> " shall apply in respect of the Interest Period ending on or around (but excluding) the Rate Switch Date. |

Prior to the Rate Switch Date

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| (vii) Screen Rate Determination: | Applicable |
| (1) Reference Rate: | 3 month USD-LIBOR |
| (2) Interest Determination Date: | The day which is 2 London Banking Days prior to the first day of an Interest Period. " London Banking Day " means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London |
| (3) Relevant Screen Page: | Reuters Page LIBOR01 |
| (4) Relevant Financial Centre: | London |
| (5) Relevant Time: | 11 a.m. (London time) |
| (6) Relevant Currency: | USD |
| (7) ISDA Determination for Fall-back provisions: | Not Applicable |

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| (viii) | ISDA Determination: | Not Applicable |
| (ix) | CMS Rate Determination: | Not Applicable |
| (x) | RMS Rate Determination: | Not Applicable |
| (xi) | Alternative Pre-nominated Index: | Not Applicable |
| (xii) | Number of local banking days for the purpose of postponing Relevant Benchmark Related Payment Date pursuant to Condition 13A(c): | 3 |
| (xiii) | Leverage: | 1 |
| (xiv) | Margin: | 0.00 per cent. |
| (xv) | Day Count Fraction: | Actual/Actual (ICMA) |
| (xvi) | Minimum Interest Rate: | 0.00 per cent. |
| (xvii) | Maximum Interest Rate: | Not Applicable |
| (xviii) | Range Accrual: | Not Applicable |
| (xix) | Add On Interest: | Not Applicable |
| (xx) | Details of any short or long Relevant Interest Period: | Not Applicable |

From and including the Rate Switch Date

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| (xxi) | Screen Rate Determination: | Applicable, provided that: |
| | | (i) the first paragraph of Condition 4G(b) shall be amended by deleting the words "Subject always to the provisions of Condition 13A (<i>Consequences of a Benchmark Trigger Event</i>), if" and including the word "If" at the start of such paragraph; |
| | | (ii) paragraph (i) of Condition 4G(b) shall be amended by deleted the words "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" and replacing them with the words "the Calculation Agent will determine the Reference Rate in accordance with the definition thereof on the relevant Interest Determination Date"; |
| | | (iii) paragraphs (ii) and (iii) of Condition 4G(b) shall not apply; and |
| | | (iv) the final paragraph of Condition 4G(b) shall be amended by deleting the words "For the |

purposes of paragraph (iii)(x) above" to the end of Condition 4G(b).

(1) Reference Rate:

Fallback Rate (SOFR) for the Original IBOR Rate Record Day that corresponds to the Fixing Day, as most recently provided or published as at 10:30 a.m., New York City time on the related Fallback Observation Day.

For this purpose:

"Fallback Observation Day" means, in respect of a Reset Date and the Interest Period to which that Reset Date relates, the day that is two Reference Business Days preceding the related Interest Payment Date.

"Fallback Rate (SOFR)" means the term adjusted SOFR plus the spread relating to U.S. Dollar LIBOR, in each case, for a period of 3 months provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time), as the provider of term adjusted SOFR and the spread, on the Fallback Rate (SOFR) Screen (or by other means) or provided to, and published by, authorized distributors.

"Fallback Rate (SOFR) Screen" means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for U.S. Dollar LIBOR for a period of 3 months accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

"Fixing Day" means, in respect of an Interest Period, the day that is two London Business Days preceding the Reset Date.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor).

"London Business Day" means a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in London.

"Original IBOR Rate Record Day" means, the 'Original IBOR Rate Record Day' as that term is used on the Fallback Rate (SOFR) Screen.

"Reference Business Day" means a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange and foreign currency deposits) in London, New York and TARGET2 (or any successor transfer system to TARGET2).

"Reset Date" means, in respect of an Interest Period, the first day of that Interest Period.

"SOFR" means the Secured Overnight Financing Rate administered by the Federal Reserve Bank of New York (or any successor administrator).

"U.S. Dollar LIBOR" means the U.S. Dollar wholesale funding rate known as U.S. Dollar LIBOR (London Interbank Offered Rate) administered by ICE Benchmark

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| | | Administration Limited (or a successor administrator) (the "U.S. Dollar LIBOR Administrator"). |
| (2) Interest Determination Date(s): | Each Fallback Observation Day. | Condition 4K(b) (<i>Publication</i>) shall be amended by adding the words "but in any event not later than the fourth Business Day thereafter" at the end of the first sentence, following the words "as soon as practicable after such determination" |
| (3) Relevant Screen Page: | Not Applicable. | |
| (4) Relevant Financial Centre: | Not Applicable. | |
| (5) Relevant Time: | Not Applicable. | |
| (6) Relevant Currency: | Not Applicable. | |
| (7) ISDA Determination for Fall-back provisions: | Not Applicable. | |
| (xxii) ISDA Determination: | Not Applicable | |
| (xxiii) CMS Rate Determination: | Not Applicable. | |
| (xxiv) RMS Rate Determination: | Not Applicable | |
| (xxv) Alternative Pre-nominated Index: | Not Applicable | |
| (xxvi) Number of local banking days for the purpose of postponing Relevant Benchmark Related Payment Date pursuant to Condition 13A(c): | 3 | |
| (xxvii) Leverage: | 1 | |
| (xxviii) Margin(s): | + 0.00 per cent. | |
| (xxix) Day Count Fraction: | 30/360 | |
| (xxx) Minimum Interest Rate: | 0.00 per cent. | |
| (xxxi) Maximum Interest Rate: | Not Applicable | |
| (xxxii) Range Accrual: | Not Applicable | |
| (xxxiii) Add On Interest: | Not Applicable | |
| (xxxiv) Details of any short or long Relevant Interest Period | Not Applicable | |

(xxxv) Fallbacks for Reference Rate:

In respect of an Original IBOR Rate Record Day that corresponds to a Fixing Day (in respect of the Reference Rate):

- (i) if neither Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time) provides, nor authorized distributors publish, Fallback Rate (SOFR) for that Original IBOR Rate Record Day at, or prior to, 10:30 a.m., New York City time on the related Fallback Observation Day and an Applicable Fallback Effective Date with respect to Fallback Rate (SOFR) has not occurred, then the rate for the relevant Reset Date will be Fallback Rate (SOFR) as most recently provided or published at that time for the most recent Original IBOR Rate Record Day, notwithstanding that such day does not correspond to the Fixing Day; or
- (ii) if an Index Cessation Event or Administrator/Benchmark Event with respect to Fallback Rate (SOFR) occurs, the rate for a Reset Date which relates to an Interest Period in respect of which the Fallback Observation Day occurs on or after the Applicable Fallback Effective Date with respect to Fallback Rate (SOFR) will be determined by the Calculation Agent.

For this purpose:

"ISDA Definitions" means the 2021 ISDA Interest Rate Derivatives Definitions (including any matrices referred to therein) as published by ISDA, as amended and/or supplemented up to and including the Amendment Date.

"Administrator/Benchmark Event" has the meaning given to it in the ISDA Definitions.

"Administrator/Benchmark Event Date" has the meaning given to it in the ISDA Definitions.

"Applicable Fallback Effective Date" means, in respect of Fallback Rate (SOFR) and an Index Cessation Event or an Administrator/Benchmark Event, the Index Cessation Effective Date or the Administrator/Benchmark Event Date, as applicable.

"Index Cessation Effective Date" has the meaning given to it in the ISDA Definitions.

"Index Cessation Event" has the meaning given to it in the ISDA Definitions.

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| 16. | Reverse Floating Rate Note Provisions: | Not Applicable |
| 17. | Digital Interest Note Provisions: | Not Applicable |
| 18. | Steepener Note Provisions: | Not Applicable |
| 19. | Inflation Linked Note Provisions: | Not Applicable |
| 20. | Zero Coupon Note provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

21. Issuer's optional redemption (Call Not Applicable Option):

22. Noteholder's optional redemption (Put Not Applicable Option):

23. Inflation Linked Redemption Not Applicable provisions:

24. Final Redemption Type: Fixed Redemption

25. Fixed Redemption provisions: Applicable

Final Redemption Amount of each Note: 100 per cent. of the Calculation Amount

26. Instalment Notes: Not Applicable

27. Early Redemption Amount:

- (i) Early Redemption Amount 100 per cent. of the Calculation Amount (upon redemption for taxation reasons or illegality):
(Condition 5(b) or 5(d))
- (ii) Early Redemption for Not Applicable Impracticability:
- (iii) Early Redemption Amount Not Applicable upon redemption following inflation index disruption events:
(Condition 7(g))
- (iv) Early Redemption Amount 100 per cent. of the Calculation Amount following an Event of Default:
(Condition 9)
- (v) Fair Market Value Floor: Applicable

- Fair Market Value 100 per cent. Percentage:

28. Taxation: Condition 6B (*Taxation -Gross-up*) is not applicable
(Condition 6)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes: Bearer Notes

30. New Global Note: Yes

31. New Safekeeping Structure: Not Applicable

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| 32. | If issued in bearer form: | Applicable |
| | (i) Initially represented by a Temporary Global Note or Permanent Global Note: | Temporary Global Note |
| | (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes: | 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 |
| | (iv) Coupons to be attached to Definitive Notes: | Yes |
| | (v) Talons for future Coupons to be attached to Definitive Notes: | No |
| | (vi) Receipts to be attached to Definitive Notes: | No |
| 33. | Exchange Date for exchange of Temporary Global Note: | Not earlier than 40 days after the Issue Date |
| 34. | If issued in registered form (other than Uncertificated Registered | Not Applicable |
| 35. | Payments: | |
| | (i) Relevant Financial Centre Day: | London, New York and TARGET2 |
| | (ii) Business Centre(s) | In respect of the Final Redemption Amount and any Early Redemption Amount, London, New York and TARGET2 |
| | (iii) Payment of Alternative Payment Currency Equivalent: | Not Applicable |
| | (iv) Conversion provisions: | Not Applicable |
| | (v) Price Source Disruption: | Not Applicable |
| | (vi) Prevailing Spot Rate: | Not Applicable |
| 36. | Redenomination: | Not Applicable |

CONFIRMED

HSBC BANK PLC

By:

Authorised Signatory

Date:

PART B – OTHER INFORMATION

1. LISTING

(i) Listing: Application will be made by the Issuer to admit the Notes to listing on the Official List of the United Kingdom Financial Conduct Authority with effect from or around the Issue Date. No assurance can be given as to whether or not, or when, such application will be granted.

(ii) Admission to trading: Application will be made by the Issuer for the Notes to be admitted to trading on the regulated market of the London Stock Exchange and application will be made by the *Direttore del Consorzio* (as defined below) for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.), which is not a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments, with effect from or around the Issue Date. No assurance can be given as to whether or not, or when, such application will be granted. The *Direttore del Consorzio* may act as liquidity provider in accordance with the conditions of the Regulation of EuroTLX®, available for viewing on the website www.eurotlx.com. The execution of sale and purchase orders on the MTF named EuroTLX® will occur pursuant to the operational rules of the MTF, published on the website www.eurotlx.com.

2. RATINGS

Ratings: The Notes are not rated.

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

(i) Reasons for the offer and use of proceeds: The net proceeds from the issue will be applied by the Issuer for profit making or risk hedging.

(ii) Estimated net proceeds: Up to the final Aggregate Principal Amount less the Commissions described below.

(iii) Estimated total expenses and taxes specifically charged to the subscriber or purchaser: See paragraphs 28 and 40 below.

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

The Distributors (as defined below) and the *Direttore del Consorzio* may have a conflict of interest with respect to the distribution of the Notes because they will receive a distribution fee and a commission, respectively, from the Issuer, in each case determined as a percentage of the Aggregate Principal Amount of the Notes being placed, as indicated in "Distribution" below.

Moreover, conflicts of interest may arise with respect to the distribution of the Notes because the *Direttore del Consorzio* acts as hedging counterparty of HSBC Bank plc in relation to the issuance of the Notes. The commission of 0.433 per cent. of the Aggregate Principal Amount of the Notes is payable by the Issuer to the *Direttore del Consorzio* for its role as hedging counterparty also remunerates the *Direttore del Consorzio* for the assumption of such hedging risk. The *Direttore del Consorzio* may act as liquidity provider, providing bid/ask quotes for the Notes for the benefit of the Noteholders. An

application is expected to be made for the Notes to be admitted to trading on the Euro TLX which is organized and managed by EuroTLX SIM S.p.A. The *Direttore del Consorzio* and its affiliates:

- have an equity stake of 15 per cent. in EuroTLX SIM S.p.A.;
- have elected members of the Board of Directors and the Board of Statutory Auditors of EuroTLX SIM S.p.A.;
- are parties to the shareholders' agreement stipulated among the shareholders of EuroTLX SIM S.p.A.; and
- may act as liquidity provider on EuroTLX in respect of the Notes.

The Distributors and the *Direttore del Consorzio*, or their affiliates may, in the ordinary course of business, perform activities involving other securities issued by the Issuer or other entities belonging to the Issuer's group, and, in that context, may have access to information regarding the Issuer or its group, but the Distributors, the *Direttore del Consorzio* or their affiliates, as applicable, will not be obliged to, and may be prevented from, making such information available to potential investors.

The *Direttore del Consorzio* and its affiliates, in the ordinary course of business, have engaged or may in the future engage in lending, advisory, investment banking and corporate finance services for the Issuer, its parent and group companies and to companies involved directly or indirectly in the sector in which the Issuer operates. The *Direttore del Consorzio* and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The *Direttore del Consorzio* and its affiliates that have a lending relationship with the Issuer's group routinely hedge their credit exposure to the Issuer's group consistent with their customary risk management policies. Typically the *Direttore del Consorzio* and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued. Any such short positions could adversely affect future trading prices of the Notes issued.

The *Direttore del Consorzio* and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

5. HISTORIC INTEREST RATES

Information on past and future performance and volatility of the USD LIBOR interest rates can be obtained from Reuters.

6. DISTRIBUTION

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| (i) If syndicated, names and addresses of Dealers: | Not Applicable |
| (ii) Date of subscription agreement: | Not Applicable |
| (iii) Indication of the overall amount of the underwriting commission and of the placing commission: | (i) A commission for the distribution of the Notes paid by the Issuer, through the <i>Direttore del Consorzio</i> , to each Distributor, equal to 3.00 per cent. (including VAT, if any) of the Denomination of the Notes distributed by such Distributor and (ii) a commission paid by the Issuer to the <i>Direttore del Consorzio</i> equal to 0.433 per cent. (including VAT, if any) of the final Aggregate Principal Amount (collectively, the " Commissions "). |

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| 7. If non-syndicated, name and address of Dealer: | Banca IMI S.p.A., with its head office at Largo Mattioli 3, 20121 Milan, which, for the purpose of the issue of the Notes will act as <i>direttore del consorzio</i> (the " Direttore del Consorzio ") and as sole bookrunner. For the |
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avoidance of doubt, the *Direttore del Consorzio* will not act as Distributor

8. TEFRA Rules applicable to Bearer Notes: TEFRA D Rules

9. Selling restrictions, United States of 40-day Distribution Compliance Period: Not Applicable

America:

10. Public Offer: Applicable

(i) Details of the Public Offer: An offer (the "Offer") of the Notes is made by the Issuer through the *Direttore del Consorzio* and the Distributors (as defined below) other than pursuant to Article 3(2) of the Prospectus Directive in Italy (the "**Public Offer Jurisdiction**") during the period from and including 12 September 2018 until but including 24 September 2018 (the "**Offer Period**"), subject to any early termination or extension of the Offer Period or termination of the Offer, as described below.

The following banks and financial entities have agreed to place the Notes with no underwriting commitment and on a best efforts basis (the "**Distributors**" and each a "**Distributor**"):

- Intesa Sanpaolo S.p.A.
Piazza San Carlo 156,
10121 Torino
Italy
- Banca CR Firenze S.p.A.
Via Carlo Magno 7,
50127 Firenze
Italy
- Banco di Napoli S.p.A.
Via Toledo 177,
80132 Napoli
Italy
- Cassa dei Risparmi di Forlì e della Romagna S.p.A.
Corso della Repubblica 14,
47121 Forli
Italy
- Banca Prossima S.p.A.
Piazza Paolo Ferrari 10,
20121 Milano
Italy
- Cassa di Risparmio di Pistoia e della Lucchesia S.p.A.
Via Roma 3,
51100 Pistoia
Italy
- Cassa di Risparmio in Bologna S.p.A.
Via Farini 22,
40124 Bologna

Italy

- Banca Apulia S.p.A.
Via Tiberio Solis 40,
71016 San Severo (FG)
Italy

(ii) Conditions attached to the consent to use the Prospectus: Not Applicable

11. Prohibition of Sales to EEA Retail Investors: Not Applicable

13. OPERATIONAL INFORMATION

14. ISIN Code: XS1876165819

15. Common Code: 187616581

16. Valoren Number: Not Applicable

17. SEDOL: Not Applicable

18. WKN: Not Applicable

19. Other identifier / code: Not Applicable

20. Intended to be held in a manner which would allow Eurosystem eligibility: Yes

Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes 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 will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

21. Clearing System: Euroclear, Clearstream, Luxembourg

22. Delivery: Delivery against payment

23. Principal Paying Agent/Registrar/Issue Agent/Transfer Agent: HSBC Bank plc

24. Additional Paying Agent(s) (if any): Not Applicable

25. Common Depositary: Not Applicable

26. Common Safekeeper: Euroclear

27. Calculation Agent: HSBC Continental Europe

28. TERMS AND CONDITIONS OF THE OFFER

29. Offer Price: Issue Price, equal to 100 per cent. of the Denomination of each Note.

The Offer Price includes, per Denomination, (i) a commission for the distribution of the Notes paid by the Issuer, through the *Direttore del Consorzio*, to each Distributor, equal to 3.00 per cent. (including VAT, if any) of the Denomination of the Notes distributed by such Distributor and (ii) a commission paid by the Issuer to the *Direttore del Consorzio* equal to 0.433 per cent. (including VAT, if any) of the final Aggregate Principal Amount.

Investors should take into account that if the Notes are sold on the secondary market after the Offer Period, the above-mentioned commissions included in the Offer Price are not taken into consideration in determining the price at which such Notes may be sold in the secondary market.

30. 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:

Up to USD 500,000,000 provided that, during the Offer Period, the Issuer, in agreement with the *Direttore del Consorzio*, will be entitled to increase the total amount of the offer up to a maximum amount of USD 750,000,000.

The results of the offer of the Notes will be published in accordance with paragraph 34 (*Manner in and date on which results of the offer are to be made public*) below.

31. The time period, including any possible amendments, during which the offer will be open:

See "Description of the Application process" below.

32. Conditions to which the offer is subject:

The offer of the Notes is conditional on their issue.

The *Direttore del Consorzio* may, at any time during the Offer Period, after consulting the Issuer, terminate the Offer Period early at any time, including in circumstances where subscription for the Notes is not yet equal to the maximum Aggregate Principal Amount. Notice of the early termination of the Offer Period will be given in one or more notices to be made available on the website of the *Direttore del Consorzio* (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or these Final Terms will be published in relation thereto).

The *Direttore del Consorzio* may, at any time during the Offer Period, in agreement with the Issuer, extend the Offer Period. Notice of extension of the Offer Period will be given in one or more notices to be made available on the website of the *Direttore del Consorzio* (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or these Final Terms will be published in relation thereto).

The Issuer, the *Direttore del Consorzio* and the Distributors have entered into a distribution agreement (the "**Distribution Agreement**") in connection with the Offer of the Notes. The Distribution Agreement may be terminated upon the occurrence of certain circumstances

set out therein. Upon termination of the Distribution Agreement, at any time following the publication of these Final Terms and prior to the Issue Date, the Offer of the Notes will be terminated and no Notes will be issued. If the Offer of the Notes is terminated, a notice to that effect will be made available on the website of the *Direttore del Consorzio* (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or these Final Terms will be published in relation thereto).

For the avoidance of doubt, if any application has been made by a potential subscriber and the Offer is terminated, all subscription applications will become void and of no effect, without further notice and such potential subscriber shall not be entitled to subscribe or otherwise acquire the Notes.

33. Description of the application process:

The Notes will be offered in the Republic of Italy on the basis of a public offer.

The Notes will be offered only to the public in the Republic Italy.

Qualified Investors as defined for by Article 2 of the Prospectus Directive as implemented by art. 100 of the Italian Financial Services Act and art. 34-ter paragraph 1 lett. b) of CONSOB Regulation No. 11971 of 14 May 1999 as amended from time to time, may subscribe for the Notes.

A prospective investor will subscribe for the Notes in accordance with the arrangements in place between the relevant Distributor and its customers, relating to the subscription of securities generally. Prospective investors shall not be required to enter into any contractual arrangements directly with the Issuer in connection with the offer or subscription of the Notes.

Subscription at the offices/premises of the Distributors

During the Offer Period (as defined in paragraph 10 (*Public Offer*) above), investors may apply for the subscription of the Notes during normal Italian banking hours at the offices (*filiali*) of any Distributor by filling in, duly executing (also by appropriate attorneys) and delivering a specific acceptance form (the "**Acceptance Form**"), subject to any early termination or extension of the Offer Period or termination of the Offer of the Notes. Acceptance Forms are available at each Distributor's office.

Any application shall be made in the Republic of Italy to the Distributors.

General

There is no limit to the number of Acceptance Forms which may be filled in and delivered by the same prospective investor with the same or different

Distributor, without prejudice to the circumstance that for the purposes of the allotment each applicant will be considered individually, independently of the number of Acceptance Forms delivered.

Without prejudice to the provisions applicable in case of publication of supplements under Article 16 of the Prospectus Directive as implemented from time to time, the subscription application can be revoked by the potential investors through a specific request made at the offices of the Distributor which has received the relevant Acceptance Form within the last day of the Offer Period (i.e. 24 September 2018), as amended in the event of an early termination or extension of the Offer Period.

In the event of publication of a supplement to the Base Prospectus as provided by the Prospectus Directive, investors who have already agreed to subscribe for the Notes before the supplement is published shall have the right, exercisable within a time limit indicated in the supplement, to withdraw their applications by a written notice to the Distributors who has received such application. The final date of the right of withdrawal will be stated in the relevant supplement.

Applicants having no client relationship with the Distributor with whom the Acceptance Form is filed may be required to open a current account or to make a temporary non-interest bearing deposit of an amount equal to the price of the Notes requested, calculated on the basis of the Offer Price of the Notes. In the event that the Notes are not allotted or only partially allotted, the total amount paid as a temporary deposit, or any difference with the price of the Notes allotted, will be repaid to the applicant without interest by the Issue Date.

Each Distributor is responsible for the notification of any withdrawal right applicable in relation to the offer of the Notes to potential investors.

By subscribing for the Notes, the holders of the Notes are deemed to have knowledge of all the terms and conditions of the Notes and to accept the said terms and conditions of the Notes.

Applications received by the Distributors prior to the start of the Offer Period, or after the closing date of the Offer Period, will be considered as not having been received and will be void.

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| 34. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | Not Applicable |
| 35. Details of the minimum and/or maximum amount of application: | <p>The Notes must be subscribed in a minimum amount of USD 2,000 (the "Minimum Lot") or an integral number of Notes greater than the Minimum Lot.</p> <p>Multiple applications may be submitted by the same applicants with the same or a different Distributor,</p> |

without prejudice to the circumstance that for the purposes of the allotment each applicant will be considered individually, independently of the number of Acceptance Forms delivered.

The maximum Aggregate Principal Amount of Notes to be issued is USD 500,000,000 provided that, during the Offer Period, the Issuer, in agreement with the *Direttore del Consorzio*, will be entitled to increase the total amount of the offer up to a maximum amount of USD 750,000,000. Notice of any such increase will be given in one or more notices to be made available on the website of Banca IMI (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or these Final Terms will be published in relation thereto).

There is no maximum subscription amount of the Notes to be applied for by each investor within the Aggregate Principal Amount and subject to the provisions in paragraph "Description of the application process" above.

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| 36. Details of the method and time limits for paying up the securities and delivering of the securities: | The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. The settlement and the delivery of the Notes as between the Issuer and the Distributors will be executed through the <i>Direttore del Consorzio</i> . |
| | Each investor will be notified by the relevant Distributor of the settlement arrangement in respect of the Notes at the time of such investor's application and payment for the Notes shall be made by the investor to the relevant Distributor in accordance with arrangements existing between the relevant Distributor and its customers relating to the subscription of securities generally. |
| | The Notes are estimated to be delivered to the subscribers' respective book-entry securities account on or around the Issue Date. |
| 37. Manner in and date on which results of the offer are to be made public: | The results of the offer of the Notes will be published as soon as possible on the website of the <i>Direttore del Consorzio</i> www.bancaimi.com and through the Distributors. The results of the offer of the Notes will be published on the website of the Issuer at https://www.hsbc.com/investor-relations/fixed-income-investors/subsidiary-company-securities . |
| 38. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | Not Applicable |
| 39. Whether tranche(s) have been reserved for certain countries: | Not Applicable |

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| 40. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | Applicants will be notified directly by the Distributor of the success of their application and amount allotted. Subscription applications will be accepted until the Aggregate Principal Amount is reached during the Offer Period. In the event that the requests exceed the Aggregate Principal Amount during the Offer Period, the <i>Direttore del Consorzio</i> will terminate the Offer Period early. In the event that, notwithstanding the above, the total amount of Notes requested to be subscribed for exceed the Aggregate Principal Amount, the <i>Direttore del Consorzio</i> will allot the Notes in a transparent manner that ensures equal treatment amongst all potential subscribers. |
| | | Dealing in the Notes may commence on the Issue Date. |
| 41. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | (A.) Distribution fees and fees to the <i>Direttore del Consorzio</i> : see above paragraph Offer Price. (B.) Administrative and other costs relating to the holding of the Notes (service fees, custodians' fees, brokerage fees, financial services etc.): prospective subscribers are invited to check those costs with their financial intermediary. |
| 42. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | See paragraph 10(i) (<i>Details of the Public Offer</i>) above. |
| 43. | Name and address of any paying agents and depositary agents in each country: | Not Applicable |
| 44. | Name and address of 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 |
| 45. | BENCHMARKS | |
| 46. | Details of benchmarks administrators and registration under Benchmarks Regulation: | LIBOR is provided by ICE Benchmark Administration Limited. As at the date hereof, ICE Benchmark Administration Limited appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. |

SUMMARY

(See overleaf)

SUMMARY

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 |
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| A.1 | Introduction and Warnings: | <p>This summary must be read as an introduction to the prospectus and any decision to invest in the Notes should be based on a consideration of the prospectus as a whole by the investor, including any information incorporated by reference and read together with the relevant final terms.</p> <p>Where a claim relating to the information contained in the prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member States, be required to bear the costs of translating the 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 the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such Notes.</p> |
| A.2 | Consent: | <p>The Issuer expressly consents to the use of the 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") in relation to the Notes by Banca IMI S.p.A. (the "Direttore del Consorzio") and Intesa Sanpaolo S.p.A., Banca CR Firenze S.p.A., Banco di Napoli S.p.A., Cassa dei Risparmi di Forlì e della Romagna S.p.A., Banca Prossima S.p.A., Cassa di Risparmio di Pistoia e della Lucchesia S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca Apulia S.p.A. (each, an "Authorised Offeror") during the period from and including 12 September 2018 to and including 24 September 2018 subject to any early termination or extension of the offer period relating to the Public Offer, or termination of the Offer, as described below (the "Offer Period") and in Italy only (the "Public Offer Jurisdiction") provided that each relevant Authorised Offeror is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2014/65/EU, as amended) and any other applicable laws. 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 consent of the Issuer is subject to the following conditions:</p> <ul style="list-style-type: none"> (i) the consent is only valid during the Offer Period; (ii) the consent only extends to the use of the Base Prospectus to make a Public Offer of the Notes in the Public Offer Jurisdiction; and (iii) the consent is subject to the terms and conditions of the Distribution Agreement. |

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| | | 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. |
| | | 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, the legislation under which the Issuer operates and its country of incorporation: | <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. It was re-registered as a company limited by shares under the Companies Acts 1862 to 1879 on 1 July 1880. On 1 February 1982 the Issuer 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 | Known trends affecting the Issuer and the industries in which it operates: | <p>UK</p> <p>UK real Gross Domestic Product ("GDP") growth slowed from 0.4% quarter-on-quarter in the fourth quarter of 2017 to 0.2% in the first quarter of 2018. Real UK GDP was 1.2% higher than the same quarter a year earlier. The unemployment rate stood at 4.2% in June, a 43-year low. Employment as a percentage of the workforce stood at a record high of 75.7%. Annual wage growth stood at 2.7% in June. The annual rate of growth of the Consumer Price Index ("CPI") measure of inflation stood at 2.4% in June 2018. Activity in the housing market softened, with price growth moderating but remaining positive.</p> <p>The outlook remains uncertain following the UK electorate's vote to leave the European Union ("EU") and the invocation of Article 50 (triggering a two-year countdown to leaving) in March 2017. The annual pace of UK real GDP growth is now expected to slow from 1.8% in 2017 to 1.3% in 2018. Investment could be hit by uncertainty over the UK's future relationship with the EU, and the risk of leaving without a transition deal. CPI inflation is expected to fall back, reflecting the waning impact of 2016's fall in the value of sterling. However, wages are expected to grow only slightly faster than inflation, meaning real income growth remains weak. This is expected to weigh on consumption. Given its outlook for consumer price inflation to run above its 2% target, the Bank of England's Monetary Policy Committee voted for a 25 basis point increase in Bank Rate in August 2018. However, due to soft growth and an uncertain outlook, Bank Rate is expected to remain at 0.75% until at least the end of 2018.</p> <p>Eurozone</p> <p>Economic growth in the eurozone has slowed. Real GDP grew by 0.4% in the first quarter of 2018, following three quarters of growth at 0.7%. Among the four largest eurozone countries, Spain continues to out-perform, with growth of 0.7% quarter-on-quarter in the first quarter of 2018. Germany and Italy grew by 0.3%, while France experienced an expansion of 0.2%. Growth was probably partly depressed by temporary factors, including wintry weather in northern Europe. Partly as a result of continued improvements in the labour market, household spending growth picked up in the first quarter of 2018 to 0.5% quarter-on-</p> |

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| | | quarter. Meanwhile, low interest rates and limited levels of spare capacity are encouraging investment growth which, in year-on-year terms, rose by 3.6% in the first quarter of 2018. |
| | | <p>Following an expansion of 2.6% in 2017, HSBC Global Research expects GDP growth to decelerate to 2.0% in 2018, before easing further to 1.7% in 2019. The balance of risks – which include the threat of further trade protectionism and political uncertainty in Italy and Germany – is tilted to the downside.</p> <p>The CPI inflation rate rose from 1.2% to 1.9% in May, then to 2.0% in June, mainly reflecting the impact of recent oil price rises. But the core inflation rate remains low, at 0.9% in June. Given continued softness in underlying inflation, moves by the European Central Bank ("ECB") to tighten monetary policy are likely to be very gradual. Its current guidance is that net asset purchases under its Quantitative Easing ("QE") programme will end this year and that interest rates will not rise until 'at least through the summer' of 2019. HSBC Global Research expects the first rate increase – a 15 basis point rise in the deposit rate, to -0.25% – to take place in October 2019.</p> |
| B.5 | The group and the Issuer's position within 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, with an international network of around 3,900 branches in 67 countries and territories. Its total assets as at 31 December 2017 were U.S.\$ 2,521,771 million.</p> |
| B.9 | Profit forecast or estimate: | Not applicable. There are no profit forecasts or estimates made in the prospectus. |
| B.10 | Nature of any qualifications in the audit reports on the historical financial information: | Not applicable. There are no qualifications in the audit reports on the audited, consolidated financial statements of the Issuer for the financial years ended 31 December 2016 or 31 December 2017. |
| B.12 | Selected key financial information, no material adverse change and no significant change statement: | The selected key financial information regarding the Issuer set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the year ended 31 December 2017 (in respect of the table of year-end figures) and the Unaudited Consolidated Interim Report of the Issuer for the six month period ended 30 June 2018 (in respect of the table of half-year figures). |
| Year ended | | |
| 31 December 2017 | | |
| For the year (£m) | 2,370 | 874 |
| Profit before tax (adjusted basis) ¹ | 3,832 | 4,234 |
| Net operating income before loan impairment charges and other credit risk provisions ² | 13,052 | 13,305 |
| Profit/(loss) attributable to shareholders of the parent company | 1,809 | (212) |
| At year-end (£m) | | |

| | | |
|--|---------|---------|
| Total equity attributable to | 43,462 | |
| shareholders of the parent | | |
| company | 39,930 | |
| Total assets | 818,868 | 816,829 |
| Risk-weighted assets | 233,073 | 245,237 |
| Loans and advances to customers | | |
| (net of impairment allowances) | 280,402 | 272,760 |
| Customer accounts | 381,546 | 375,252 |
| Capital ratios (%) ³ | | |
| Common equity tier 1 | 11.8 | 10.2 |
| Tier 1 | 13.8 | 12.3 |
| Total capital | 16.9 | 15.7 |
| Performance, efficiency and other ratios (annualised %) | | |
| Return on average ordinary shareholders' equity ⁴ | 4.2 | (1.2) |
| Return on average risk-weighted assets | 1.0 | 0.4 |
| Adjusted return on average risk-weighted assets | 1.6 | 1.7 |
| Cost efficiency ratio (reported basis) ⁵ | 78.2 | 90.3 |
| Cost efficiency ratio (adjusted basis) ⁵ | 67.5 | 63.9 |
| Jaws (adjusted basis) ⁶ | (5.8) | 0.4 |
| Ratio of customer advances to customer accounts | 73.5 | 74.8 |

¹ Adjusted performance is computed by adjusting reported results for the effect of significant items as detailed on pages 10 to 12 of the Issuer's Annual Report and Accounts for the year ended 31 December 2017.

² Net operating income before loan impairment charges and other credit risk provisions is also referred to as revenue.

³ Capital ratios are as detailed in the capital section on pages 56 to 58 of the Issuer's Annual Report and Accounts for the year ended 31 December 2017.

⁴ The return on average ordinary shareholders' equity is defined as profit attributable to shareholders of the parent company divided by the average total shareholders' equity.

⁵ Reported cost efficiency ratio is defined as total operating expenses (reported) divided by net operating income before loan impairment charges and other credit risk provisions (reported), while adjusted cost efficiency ratio is defined as total operating expenses (adjusted)

divided by net operating income before loan impairment charges and other credit risk provisions (adjusted). Net operating income before loan impairment charges and other credit risk provisions (adjusted) is also referred to as revenue (adjusted).

⁶ Adjusted jaws measures the difference between adjusted revenue and adjusted cost growth rates.

| | Half-year to | |
|---|--------------|--------------|
| | 30 June 2018 | 30 June 2017 |
| For the period (£m) ¹ | | |
| Profit/(loss) before tax (reported basis) | 1,659 | 1,858 |
| Profit before tax (adjusted basis) ² | 1,765 | 2,530 |
| Net operating income before change in expected credit losses and other credit impairment charges ³ | 6,439 | 6,913 |
| Profit attributable to shareholders of the parent company | 1,203 | 1,370 |
| At period-end (£m) ¹ | | |
| Total equity attributable to shareholders of the parent company | 46,947 | 41,493 |
| Total assets | 865,870 | 832,380 |
| Risk-weighted assets | 230,386 | 239,703 |
| Loans and advances to customers (net of impairment allowances) | 278,682 | 278,214 |
| Customer accounts | 385,913 | 385,766 |
| Capital ratios (%) ^{1,4} | | |
| Common equity tier 1 | 13.3 | 10.9 |
| Tier1 | 15.6 | 13.0 |
| Total capital | 19.0 | 16.4 |
| Performance, efficiency and other ratios (annualised %) ¹ | | |
| Return on average ordinary shareholders' equity ⁵ | 5.6 | 7.2 |
| Return on average risk-weighted assets | 1.4 | 1.5 |
| Adjusted return on average risk-weighted assets | 1.5 | 2.1 |
| Cost efficiency ratio (reported basis) ⁶ | 72.2 | 73.3 |

| | | |
|---|-------|------|
| Cost efficiency ratio (adjusted basis) ⁶ | 70.3 | 63.8 |
| Jaws (adjusted basis) ⁷ | (9.3) | 0.5 |
| Ratio of customer advances to customer accounts | 72.2 | 72.1 |

1 *The group adopted IFRS 9, as well as the European Union's regulatory transitional arrangements for IFRS 9, on 1 January 2018. Comparative information has not been restated. For further details, refer to 'Changes to accounting from 1 January 2018' on page 7, 'Standards applied during the half-year to 30 June 2018 on page 39 and Note 11 'Effects of reclassifications upon adoption of IFRS 9' on page 57 of the Unaudited Consolidated Interim Report of the Issuer for the six month period ended 30 June 2018.*

2 *Adjusted performance is computed by adjusting reported results for the effect of significant items as detailed on pages 9 to 12 of the Unaudited Consolidated Interim Report of the Issuer for the six month period ended 30 June 2018.*

3 *Net operating income before change in expected credit losses and other credit impairment charges is also referred to as revenue.*

4 *Capital ratios are as detailed in the Capital section on pages 22 to 30 of the Unaudited Consolidated Interim Report of the Issuer for the six month period ended 30 June 2018.*

5 *The return on average ordinary shareholders' equity is defined as profit attributable to shareholders of the parent company divided by the average total shareholders' equity.*

6 *Reported cost efficiency ratio is defined as total operating expenses (reported) divided by net operating income before change in expected credit losses and other credit impairment charges (reported), while adjusted cost efficiency ratio is defined as total operating expenses (adjusted) divided by net operating income before change in expected credit losses and other credit impairment charges (adjusted).*

7 *Adjusted jaws measures the difference between adjusted revenue and adjusted cost growth rates.*

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| | | <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2017.</p> <p>Save for the completion of the ring-fencing of the HSBC Group's UK retail banking activities on 1 July 2018, which is described on pages 3 to 6 of the Unaudited Consolidated Interim Report and in Note 12 to the Condensed Financial Statements contained therein, there has been no significant change in the financial or trading position of the Issuer and its subsidiary undertakings since 30 June 2018.</p> |
| B.13 | Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency: | 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: Retail Banking and Wealth Management; Commercial Banking; Global Banking and Markets; and Global Private Banking. |

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| 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 rated.</p> |
| Section C – Notes | | |
| C.1 | Description of type and class of securities: | <p>Notes described in this Summary may be debt securities or, where the repayment terms are linked to the performance of a specified inflation index, derivative securities.</p> <p>The Notes will bear interest as follows:</p> <p>Fixed Rate Interest: Notes may bear interest at a fixed rate (such Notes, "Fixed Rate Notes").</p> <p>Floating Rate Interest: Notes may bear interest at a rate equal to the product of a floating rate and a leverage multiplier, plus a fixed percentage (such Notes, "Floating Rate Notes").</p> <p>Reverse Floating Rate Interest: Notes may bear interest at a rate equal to a fixed percentage minus the product of a floating rate and a leverage multiplier (such Notes, "Reverse Floating Rate Notes").</p> <p>Digital Interest: Notes may bear interest at: (i) a rate equal to a specified fixed or floating rate ("Specified Rate 1") if a separate specified floating rate ("Specified Rate 2") is above a specified strike rate (the "Strike"); (ii) a rate equal to a specified fixed or floating rate ("Specified Rate 3") if Specified Rate 2 is below the Strike; or (iii) the difference between Specified Rate 1 and Specified Rate 3 if Specified Rate 2 is equal to the Strike (such Notes, "Digital Notes").</p> <p>Spread-Linked Interest: Notes may bear interest at a rate equal to the product of the difference between two floating rates and a leverage multiplier, plus a fixed percentage (such Notes, "Steepener Notes").</p> <p>Inflation-Linked Interest: Notes may bear interest at a rate equal to the product of a percentage determined by reference to movements in a specified inflation index and a leverage multiplier, plus a fixed percentage (such Notes, "Inflation-Linked Notes").</p> <p>Zero Coupon: Notes may not bear any interest (such Notes, "Zero Coupon Notes").</p> |

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| | <p>Notes may apply a combination of any of the following types of interest: Fixed Rate Interest, Floating Rate Interest, Reverse Floating Rate Interest, Digital Interest, Spread-Linked Interest and Inflation-Linked Interest.</p> <p>The type of interest (if any) payable on the Notes may be the same for all interest payment dates or may be different for different interest payment dates. The rate of interest applicable to the Notes may also be subject to a maximum or minimum percentage.</p> <p>Notes that are not Zero Coupon Notes may include an option for the Issuer, at its discretion, to switch the type of interest payable on the Notes once during the term of the Notes or an automatic interest switch may be specified as applying to the Notes in which case, the type of interest payable on the Notes will switch immediately following a specified automatic switch date.</p> <p>The amount of interest payable in respect of Notes that are not Inflation-Linked Notes or Zero Coupon Notes on an interest payment date may be subject to a range accrual factor that will vary depending on the performance of a specified floating rate during the observation period relating to that interest payment date.</p> <p>Notes may include an option for the Notes to be redeemed prior to maturity at the election of the Issuer or the investor. If Notes are not redeemed early they will redeem on the Maturity Date and the amount paid will either be a fixed redemption amount, or an amount linked to the performance of a specified inflation index.</p> |
| | <p>Notes may be cleared through a clearing system or uncleared and held in bearer or registered form. Certain cleared Notes may be in dematerialised and uncertificated book-entry form. Title to cleared Notes will be determined by the books of the relevant clearing system.</p> <p>Issuance in series: 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 Notes are transferable obligations of the Issuer that can be bought and sold by investors in accordance with the terms and conditions set out in the Base Prospectus (the "Terms and Conditions"), as completed by the final terms document (the "Final Terms") (the Terms and Conditions as so completed, the "Conditions").</p> <p>Interest: The interest payable in respect of the Notes will be determined by reference to a Fixed Rate of Interest and a Floating Rate of Interest. The rate of interest applicable to the Notes may also be subject to a minimum percentage.</p> <p>The amount of interest payable in respect of a security for an interest calculation period will be determined by multiplying the interest calculation amount of such security by the applicable interest rate and day count fraction.</p> <p>Final redemption:</p> <p>The final redemption amount will be 100 per cent. of USD 2,000 (the "Calculation Amount").</p> <p>Identification: The Bearer Notes being issued are Tranche 1 Notes (the "Notes").</p> |

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| | | Form of Notes: |
| | | <p><i>Bearer Notes in global form:</i> Bearer Notes will initially be issued as temporary global Notes exchangeable for permanent global Notes which are exchangeable for definitive Bearer Notes in certain limited circumstances.</p> <p>Bearer Notes will be issued in global form and deposited with a common safekeeper (or its nominee) for Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("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>Security Identification Numbers:</p> <p>The Bearer Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and will be allocated the following Security Identification Numbers:</p> <p>ISIN Code: XS1876165819</p> <p>Common Code: 187616581</p> |
| C.2 | Currency of the securities issue: | The settlement currency of the Notes is United States Dollar ("USD") (the "Settlement Currency"). |
| C.5 | Free transferability: | <p>The Notes are freely transferable. However, there are restrictions on the offer and sale of the Notes and the Issuer and Banca IMI SpA (the "Dealer") 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.</p> <p>Notes held in a clearing system will be transferred in accordance with the rules, procedures and regulations of that clearing system.</p> |
| C.8 | Description of rights attached to the Notes including ranking and limitations to those rights: | <p>Rights: Each Note includes a right to a potential return of interest if the Note is interest bearing and amount payable on redemption together with certain ancillary rights such as the right to receive notice of certain determinations and events and the right to vote on certain future amendments.</p> <p>Price: Notes will be issued at a price and in such denominations as agreed between the Issuer and the relevant dealer(s) at the time of issuance. The issue price of the Notes is 100 per cent. The calculation amount in respect of each Note is USD 2,000 (the "Calculation Amount").</p> <p>Status of the Notes: 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>Limitations to rights: The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and these provisions permit defined majorities to bind all Noteholders, including all Noteholders who voted in a manner contrary to the majority. Furthermore, in certain circumstances, the Issuer may amend the terms and conditions of the Notes, without the Noteholders' consent (as further described in <i>Modification and substitution</i> below). The terms and conditions of the Notes</p> |

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| | <p>permit the Issuer and the Calculation Agent (as the case may be), on the occurrence of certain events and in certain circumstances, without the Noteholders' consent, to make adjustments to the terms and conditions of the Notes, to redeem the Notes prior to maturity, (where applicable) to postpone valuation of the underlying asset(s) or scheduled payments under the Notes, to change the currency in which the Notes are denominated, to substitute the Issuer with another permitted entity subject to certain conditions, and to take certain other actions with regard to the Notes and the underlying asset(s) (if any).</p> <p><i>Payments at maturity:</i> The maturity date of the Notes is 28 September 2025 (the "Maturity Date").</p> <p>The Notes will have a final redemption amount which will be 100 per cent. of the Calculation Amount (the "Final Redemption Amount").</p> <p><i>Early redemption for illegality:</i> If the Calculation Agent determines that the performance of the Issuer's obligations has become unlawful or, unless otherwise specified in the Final Terms, 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 a percentage of the Calculation Amount as specified in the relevant Final Terms for such Note (the "Early Redemption Amount For Illegality").</p> <p><i>Modification and substitution:</i> Modifications to the Conditions may be made without the consent of any Noteholders 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 correct a manifest error 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 a subsidiary or holding company of the Issuer or any subsidiary of such holding company without the consent of any Noteholders where the Issuer provides an irrevocable guarantee of such substitute party's obligations.</p> <p><i>Events of default:</i> 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 a percentage of the Calculation Amount as specified in the relevant Final Terms for such Note.</p> <p><i>Meetings of Noteholders:</i> 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><i>No guarantee or security:</i> The Notes are the obligations of the Issuer only and are unsecured.</p> <p><i>Taxation:</i> 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</p> |
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| | | <p>tax, stamp duty, stamp duty reserve tax and/or similar transfer taxes, payable in respect of the Notes.</p> <p>Governing Law: 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 for amortisation of the loan including repayment procedures, an indication of yield and the name of the representative of debt security holders:</p> | <p>Interest:</p> <p>In respect of each interest calculation period, Notes may or may not bear interest. For each interest calculation period in respect of which the Notes bear interest, interest will accrue at a rate determined in accordance with one or more of the following types of interest: Fixed Rate Interest, Floating Rate Interest, Reverse Floating Rate Interest, Digital Interest, Spread-Linked Interest and Inflation-Linked Interest.</p> <p>The rate of interest applicable to the Notes may be subject to a maximum or minimum percentage.</p> <p>Notes that are not Zero Coupon Notes may include an option for the Issuer, at its discretion, to switch the type of interest payable on the Notes once during the term of such Notes (the "Switch Option") or an automatic interest switch may be specified as applying to Notes that are not Zero Coupon Notes such that the type of interest payable on the Notes will switch immediately following a specified automatic switch date ("Automatic Switch Date").</p> <p>The amount of interest payable in respect of Notes that are not Inflation- Linked Notes or Zero Coupon Notes on an interest payment date may also be subject to a range accrual factor that will vary depending on the performance of a specified floating rate, as described in 'Range Accrual Factor' below (the "Range Accrual Factor").</p> |
| | | <p>Redemption at Maturity:</p> <p>Unless previously redeemed or purchased or cancelled, each Note will be redeemed by the Issuer in the Settlement Currency on the Maturity Date at an amount equal to its par value, a percentage of its par value, or determined by reference to a specified inflation index.</p> <p>Early redemption for an Event of Default:</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 neither due to compliance with any fiscal or other law or regulation or court order nor due to 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 against payment of an amount per Note equal to a percentage of the Calculation Amount as specified in the relevant Final Terms for such Note.</p> |
| | | <p>Early redemption for illegality:</p> <p>If the Calculation Agent determines that the performance of the Issuer's obligations has become unlawful in whole or in part for any reason, the Issuer will be entitled to redeem the Notes early and pay the relevant investor the applicable Early Redemption Amount For Illegality (as defined above).</p> |

| | | <p>Representative of the Noteholders: Not Applicable. There is no representative appointed to act on behalf of the Noteholders.</p> <p>INTEREST</p> <p><i>Fixed Rate Interest.</i> For the period from (and including) the Issue Date to (but excluding) 28 September 2021 each Note will bear interest at the rate specified below under the heading 'Fixed Rate (%)' per annum payable at the end of each interest calculation period on each date specified below under the heading 'Interest Payment Date(s)' (each, an "Interest Payment Date").</p> | | | | | | | | | | | | | | |
|----------------------------------|--|--|----------------------------------|-----------------------|-------------------|-------|-------|--|-------------------|-------|-------|--|-------------------|-------|-------|--|
| | | <table border="1"> <thead> <tr> <th style="text-align: center;">Interest Payment Date(s):</th><th style="text-align: center;">Fixed Rate (%)</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">28 September 2019</td><td style="text-align: center;">2.40%</td></tr> <tr> <td style="text-align: center;">.....</td><td></td></tr> <tr> <td style="text-align: center;">28 September 2020</td><td style="text-align: center;">2.85%</td></tr> <tr> <td style="text-align: center;">.....</td><td></td></tr> <tr> <td style="text-align: center;">28 September 2021</td><td style="text-align: center;">3.30%</td></tr> <tr> <td style="text-align: center;">.....</td><td></td></tr> </tbody> </table> | Interest Payment Date(s): | Fixed Rate (%) | 28 September 2019 | 2.40% | | | 28 September 2020 | 2.85% | | | 28 September 2021 | 3.30% | | |
| Interest Payment Date(s): | Fixed Rate (%) | | | | | | | | | | | | | | | |
| 28 September 2019 | 2.40% | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| 28 September 2020 | 2.85% | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| 28 September 2021 | 3.30% | | | | | | | | | | | | | | | |
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| | | <p><i>Floating Rate Interest.</i> For the period from (and including) 28 September 2021 to (but excluding) the Maturity Date each Note will bear interest and will pay an amount of interest linked to the Floating Rate (as defined below) at the end of each interest calculation period on each date specified below under the heading 'Interest Payment Date(s)' (each, an "Interest Payment Date").</p> <p>The applicable rate of interest ("Rate of Interest") will be calculated by multiplying the Floating Rate by the number set out under the heading 'Leverage' below, provided that such rate shall not be less than 0.00%.</p> <table border="1"> <thead> <tr> <th style="text-align: center;">Interest Payment Date(s):</th><th style="text-align: center;">Leverage</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">28 September 2019</td><td style="text-align: center;">1</td></tr> <tr> <td style="text-align: center;">.....</td><td></td></tr> <tr> <td style="text-align: center;">28 September 2020</td><td style="text-align: center;">1</td></tr> <tr> <td style="text-align: center;">.....</td><td></td></tr> <tr> <td style="text-align: center;">28 September 2021</td><td style="text-align: center;">1</td></tr> <tr> <td style="text-align: center;">.....</td><td></td></tr> </tbody> </table> | Interest Payment Date(s): | Leverage | 28 September 2019 | 1 | | | 28 September 2020 | 1 | | | 28 September 2021 | 1 | | |
| Interest Payment Date(s): | Leverage | | | | | | | | | | | | | | | |
| 28 September 2019 | 1 | | | | | | | | | | | | | | | |
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| 28 September 2021 | 1 | | | | | | | | | | | | | | | |
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| | | <p>"Floating Rate" means the quotation for 3 month USD-LIBOR that appears on Reuters Screen LIBOR01 Page at 11 a.m. (London time) on the date for determining the floating rate.</p> <p>FINAL REDEMPTION</p> <p>The Notes are scheduled to be redeemed on 28 September 2024 by payment by the Issuer of an amount in USD equal to 100 per cent. per Calculation Amount.</p> | | | | | | | | | | | | | | |
| C.10 | Derivative component in the interest payment: | Not Applicable, there is no derivative component in the interest payment. | | | | | | | | | | | | | | |

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| C.11 | Listing and trading: | <p>Application will be made by the Issuer 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.</p> <p>Application will be made by the <i>Direttore del Consorzio</i> for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.), which is not a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments, with effect from or around the Issue Date.</p> |
| C.15 | Description of how the value of the investment is affected by the value of the underlying instrument: | Not Applicable: the Notes are not derivative securities |
| C.18 | Description of how the return on derivative securities takes place: | Not Applicable: the Notes are not derivative securities. |
| C.19 | Exercise price or final reference price of the underlying: | Not Applicable: the Notes are not derivative securities. |
| C.20 | Type of the underlying: | Not Applicable: the Notes are not derivative securities. |
| C.21 | Indication of the market where the securities will be traded and for which the prospectus has been published: | <p>Application will be made by the Issuer 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.</p> <p>Application will be made by the <i>Direttore del Consorzio</i> for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.), which is not a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments, with effect from or around the Issue Date.</p> |

| Section D – Risks | | |
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| <p>D.2</p> <p>Key risks specific to the Issuer:</p> <p><i>A description of the key risk factors relating to the Issuer that may affect the ability of the Issuer to fulfil its obligations to investors in relation to any of its debt or derivative securities is set out below. The occurrence of any of these events or circumstances could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.</i></p> <p><i>The UK's withdrawal from the EU may adversely affect the Issuer's operating model and financial results:</i></p> <p>The UK electorate's vote and the exit agreement to leave the EU may have a significant impact on general macroeconomic conditions in the UK, the EU and globally. Negotiations of the UK's exit agreement, its future relationship with the EU and its trading relationships with the rest of the world will likely take a number of years to resolve. For example, even though in March 2018 the UK reached a provisional agreement with the EU on transitional arrangements following the UK's exit, this agreement still needs to be formally agreed as part of the withdrawal agreement currently under negotiation. It therefore remains possible that the transitional period may not be implemented, or may be implemented in a form in which the detail of the arrangements results in adverse effects on UK and/or EU financial markets. The nature of the negotiations in respect of the UK's exit may result in a prolonged period of uncertainty and market volatility until the UK's future relationship with the EU and the rest of the world is clearer. Given the time-frame and the complex negotiations involved, a clearer picture of the UK's future relationship with the EU and the rest of the world once it has exited the EU is not expected to emerge for some time.</p> <p>Uncertainty as to the precise terms of these arrangements, and the future legal and regulatory landscape, may lead to unstable economic conditions, market volatility and currency fluctuations. Among other issues, the UK's future relationship with the EU may have implications for the future business model for the Issuer's London-based European cross-border banking operations, to the extent they rely on unrestricted access to the European financial services market.</p> <p>The Issuer may also face certain challenges to its operations and operating model in connection with the UK's exit from the EU, including in relation to operating costs and staff and businesses could be relocated. Moreover, other challenges due to uncertain and at times volatile economic conditions, such as reduced demand for borrowing from creditworthy customers, the imposition of protectionist measures, the additional debt burden on consumers and businesses if interest rates begin to rise, market disruption adversely affecting funding transactions and the Issuer's ability to borrow from other financial institutions, subdued economic growth and/or asset valuation bubbles as a result of too rapid growth, could be exacerbated.</p> <p><i>The Issuer is subject to political risks in the countries in which the Issuer operates, including the risk of government intervention and high levels of indebtedness:</i></p> <p>The Issuer operates through an international network of subsidiaries and affiliates. The Issuer's operations are subject to potential unfavourable political developments (which may include coups and/or civil wars), currency fluctuations, social instability and changes in government policies in the countries in which the Issuer operates or where the Issuer has exposure. These may take the form of expropriation, restrictions on international ownership, interest-rate caps, limits on dividend flows and tax in the jurisdictions in which the Issuer operates. In addition, rising protectionism and the increased</p> | | |

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| | <p>trend of using trade and investment policies as diplomatic tools may also adversely affect global trade flows.</p> <p>Any such unfavourable political events or developments could result in deteriorating business, consumer or investor confidence leading to reduced levels of client activity and consequently a decline in revenues and/or higher costs; foreign exchange losses; mark-to-market losses in trading books resulting from adjustments to credit ratings, share prices and counterparty solvency; or higher levels of impairment and rates of default.</p> <p><i>Unfavourable legislative or regulatory developments, or changes in the policy of regulators or governments could materially adversely affect the Issuer:</i></p> <p>The Issuer's businesses are subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, guidance, voluntary codes of practice and their interpretations in the UK, the EU and the other markets in which the Issuer operates. This is particularly so in the current environment, where the Issuer expects government and regulatory intervention in the banking sector to remain high for the foreseeable future.</p> <p>More stringent regulatory requirements, including further capital, liquidity and funding requirements, and adjustments in the use of models for measuring risk, may adversely affect elements of the Issuer's business, particularly if capital requirements are increased.</p> <p><i>The delivery of the Issuer's strategic actions is subject to execution risk:</i></p> <p>Robust management of critical time-sensitive and resource-intensive projects is required to effectively deliver the Issuer's strategic priorities. The Issuer continues to implement a number of externally driven regulatory programmes and the magnitude and complexity of the projects required to meet these demands present heightened execution risk. The failure to successfully deliver key strategic actions or other regulatory programmes could have a significant impact on the Issuer's business, financial condition, results of operations and prospects.</p> <p><i>Third parties may use the Issuer as a conduit for illegal activities without the Issuer's knowledge:</i></p> <p>The Issuer is required to comply with applicable anti-money laundering ("AML") regulations and has adopted various policies and procedures, including internal control and 'know-your-customer' procedures, aimed at preventing use of the Issuer's products and services for the purposes of committing or concealing a financial crime.</p> <p>A number of remedial actions have been taken as a result of the matters related to HSBC Holdings' expired U.S. deferred prosecution agreement with the U.S. Department of Justice, which are intended to ensure that the HSBC Group's businesses are better protected in respect of these risks. However, there can be no assurance that these will be completely effective. Moreover, in relevant situations and where permitted by regulation, the Issuer may rely upon certain counterparties to maintain and properly apply their own appropriate AML procedures. While permitted by regulation, such reliance may not be effective in preventing third parties from using the Issuer (and the Issuer's relevant counterparties) as a conduit for money laundering, including illegal cash operations, without the Issuer's (and its relevant counterparties') knowledge. Becoming a party to money laundering, association with, or even accusations of being associated with, money laundering will damage the</p> |
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| | <p>Issuer's reputation and could make it subject to fines, sanctions and/or legal enforcement.</p> <p><i>The Issuer may experience adverse changes in the credit quality of the Issuer's borrowers:</i></p> <p>Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties (for example, reinsurers and counterparties in derivative transactions) are inherent in a wide range of the Issuer's businesses. Adverse changes in the credit quality of the Issuer's borrowers and counterparties arising from a general deterioration in economic conditions or systemic risks in the financial systems could reduce the recoverability and value of the Issuer's assets and require an increase in the Issuer's loan impairment charges.</p> <p>The Issuer estimates and recognises impairment allowances for credit losses inherent in the Issuer's credit exposure. This process, which is critical to the Issuer's results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how these economic conditions might impair the ability of the Issuer's borrowers to repay their loans and the ability of other counterparties to meet their obligations. As is the case with any such assessments, the Issuer may fail to estimate accurately the effect of factors that the Issuer identifies or fail to identify relevant factors. Further, the information the Issuer uses to assess the creditworthiness of its counterparties may be inaccurate or incorrect. Any failure by the Issuer to accurately estimate the ability of the Issuer's counterparties to meet their obligations could result in significant losses for the Issuer which have not been provided for.</p> <p><i>The Issuer's operations are highly dependent on the Issuer's information technology systems, which are subject to failures resulting from internet crimes, cyber-attacks or otherwise:</i></p> <p>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 Issuer's brand. The proper functioning of the Issuer's payment systems, financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between the Issuer's branches and main data processing centres, are critical to the Issuer's operations. Critical systems failure, prolonged loss of service, cyber-attacks, internet crime or a material breach of security could lead to financial loss and cause damage to the Issuer's business and brand.</p> <p><i>The Issuer's data management policies and processes may not be sufficiently robust:</i></p> <p>Critical business processes across the Issuer rely on large volumes of data from a number of different systems and sources. If data governance (including retention and deletion), data quality and data architecture policies and procedures are not sufficiently robust, manual intervention, adjustments and reconciliations may be required to reduce the risk of error in reporting to senior management or regulators. Inadequate policies and processes may also affect the Issuer's ability to use data within the Issuer to service customers more effectively and/or improve the Issuer's product offering.</p> <p><i>The Issuer is subject to the risk of employee misconduct and non-compliance with regulations and policies:</i></p> |
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| | <p>The Issuer's businesses are exposed to risk from potential non-compliance with regulations and policies, including the "HSBC Values" (the HSBC Values describe how the Issuer's employees should interact with each other and with customers, regulators and the wider community) and related behaviours, and employee misconduct, such as fraud or negligence, all of which could result in regulatory sanctions or reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter employee misconduct and the precautions the Issuer takes to prevent and detect this activity may not always be effective.</p> <p><i>Failure of the Issuer to recruit, retain and develop appropriate senior management and skilled personnel could have a material adverse effect on the Issuer:</i></p> <p>The demands being placed on the human capital of the Issuer are unprecedented. The cumulative workload arising from a regulatory reform programme that is often extra-territorial and regularly evolving is hugely consumptive of human resources, placing increasingly complex and conflicting demands on a workforce that operates in an employment market where expertise in key markets is often in short supply and mobile.</p> <p>Moreover, certain regulatory changes may affect the Issuer's ability to attract and/or retain employees. In addition, the policy statement issued by the PRA extends its Remuneration Code to require all PRA-authorised firms to apply clawback to vested/paid variable remuneration on an HSBC Group-wide basis for any material risk takers receiving variable pay from 1 January 2015. Furthermore, the PRA and FCA have introduced in the UK the Senior Managers and Certification regimes and the related Rules of Conduct (the detail of which is currently subject to consultation), which are intended to set clearer expectations of the accountabilities and behaviour of both senior and more junior employees. However, there are a number of uncertainties around the precise impact of these regimes at present (including on more senior employees, on non-UK based employees and on non-executive directors).</p> <p>The Issuer's continued success depends in part on the retention of key members of its management team and wider employee base. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Issuer's strategy.</p> <p><i>The Issuer could incur losses or be required to hold additional capital as a result of model limitations or failure:</i></p> <p>The Issuer uses models for a range of purposes in managing its business, including regulatory capital calculations, stress testing, credit approvals, calculation of loan impairment charges on an IFRS 9 basis, financial crime and fraud risk management and financial reporting.</p> <p>Regulatory scrutiny and supervisory concerns over banks' use of models is considerable, particularly the internal models and assumptions used by banks in the calculation of regulatory capital. If regulatory approval for key capital models is not achieved in a timely manner, the Issuer could be required to hold additional capital.</p> <p><i>The Issuer may experience periods of reduced liquidity or be unable to raise funds, each of which is essential to the Issuer's businesses:</i></p> |
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If the Issuer is unable to raise funds through deposits and/or in the capital markets, the Issuer's liquidity position could be adversely affected and the Issuer might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature, to meet the Issuer's obligations under committed financing facilities and insurance contracts, or to fund new loans, investments and businesses. The Issuer may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, the Issuer may be unable to sell certain of its assets, or it may need to sell assets at reduced prices.

UK banking structural reform legislation and proposals could materially adversely affect the Issuer, as well as the market value of the Issuer's outstanding securities:

The Issuer is restructuring its corporate structure and business activities so as to establish a separate ring fenced bank for retail banking activities pursuant to UK banking structural reform legislation. The restructuring will involve the transfer of qualifying components of the Issuer's UK Retail Banking and Wealth Management, Commercial Banking and Global Private Banking businesses from the Issuer to a new legal entity, HSBC UK.

The Issuer's UK Global Banking and Markets business and current overseas subsidiaries and branches will remain in the Issuer, which will become the HSBC Group's UK non-ring-fenced bank. The ring-fencing project will require a significant legal and organisational restructuring of the Issuer and the transfer of large numbers of assets, liabilities, obligations, customers and employees between legal entities and the realignment of employees within the Issuer.

The cost of implementing these plans has been material, and the Issuer may continue to incur additional material expenses in relation thereto.

In addition, the implementation of the changes involves a number of risks related to both the revised Issuer structure and also the process of transition to such new structure. For example:

- As a result of the above transfers to HSBC UK, the Issuer will have a reduced balance sheet, including a reduction in risk-weighted assets ("RWAs"), and a reduced and potentially more volatile revenue stream.
- Amendments to the Issuer's existing corporate governance structure may create operational challenges.
- The Issuer is unable to predict how some customers may react to having to deal with both HSBC UK and the Issuer to obtain the full range of products and services.
- Any duplication of certain infrastructure or functions between HSBC UK and the Issuer may result in additional costs and/or changes to the Issuer's business and operations.
- The changes may adversely impact the Issuer's credit rating and increase the cost of capital and/or funding for the Issuer and its subsidiaries. A decrease in credit rating may also limit the Issuer's access to the global capital markets on acceptable terms or at all.
- Restrictions or changes imposed on the ability of HSBC UK and its subsidiaries to provide intra-group funding, capital or other support directly or indirectly to the Issuer, and the transfer of the majority of

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| | | <p>retail deposits from the Issuer to HSBC UK, may result in funding or capital pressures and liquidity stress for the Issuer.</p> <ul style="list-style-type: none"> • The inability going forward to rely on intra-group exemptions in relation to large exposures and liquidity between HSBC UK and the Issuer and may result in an increase in the Issuer's RWAs. • There may be adverse operational, financial or accounting consequences in relation to the above transfers, including as a result of related hedging arrangements, and/or the transfers may have tax costs, or may impact the tax attributes of HSBC UK or the Issuer and the ability to transfer tax losses. <p><i>Any reduction in the credit rating assigned to the Issuer, any subsidiaries of the Issuer or any of their respective debt securities could increase the cost or decrease the availability of the Issuer's funding and materially adversely affect the Issuer's liquidity position and interest margins:</i></p> <p>Credit ratings affect the cost and other terms upon which the Issuer is able to obtain market funding. Rating agencies regularly evaluate the Issuer, as well as its debt securities. There can be no assurance that the rating agencies will maintain the Issuer's current ratings or outlook. Any reductions in these ratings and outlook could increase the cost of the Issuer's funding, limit access to capital markets and require additional collateral to be placed and, consequently, materially adversely affect the Issuer's interest margins and/or the Issuer's liquidity position.</p> <p><i>The Issuer is subject to a number of legal and regulatory actions and investigations, the outcomes of which are inherently difficult to predict:</i></p> <p>An unfavourable result in one or more of these proceedings could result in the Issuer incurring significant expense, substantial monetary damages, loss of significant assets, other penalties and injunctive relief, potential regulatory restrictions on the Issuer's business and/or a negative effect on the Issuer's reputation.</p> <p>In addition, any prosecution of HSBC Holdings or one or more of its subsidiaries could result in substantial fines, penalties and/or forfeitures and could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and reputation, including the potential loss of key licences, requirements to exit certain businesses and withdrawal of funding from depositors and other stakeholders.</p> |
| D6. | Key risks specific to the securities and risk warning to investors: | <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 their invested amounts.</p> <p><i>The Notes are unsecured obligations:</i> The Notes are not secured. If the Issuer becomes unable to pay amounts owed to investors under the Notes, such investors would not have recourse to any security or collateral, and may not receive any payments under the Notes.</p> |
| | | <p><i>There may be no active trading market or secondary market for liquidity for Notes:</i> 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</p> |

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| | <p>may not realise a return that equals or exceeds the purchase price of their Notes.</p> <p><i>Illegality may cause the Issuer's obligations under the Notes to be redeemed early:</i> If the Calculation Agent determines the performance of the Issuer's obligations under any Notes shall after the Trade Date have become unlawful or, unless otherwise specified in the Final Terms, impracticable (an "Illegality"), the Issuer may redeem the Notes and in the event of a redemption due to Illegality pay par value for the Notes.</p> <p><i>Exchange rate risks and exchange control risk:</i> 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. 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.</p> <p><i>Applicable Bank Resolution Powers:</i> The Issuer is subject to the Banking Act 2009 which implements the BRRD in the UK and gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the Bank of England, the Prudential Regulation Authority and the United Kingdom Financial Conduct Authority (each, a "relevant UKRA") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties.</p> <p>These powers include a "bail-in" power, which gives the relevant UKRA the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution, to convert certain debt claims (which could be amounts payable under the Notes) into another security (including common shares), or alter the terms of such liabilities, including their maturity or expiry or the date on which interest becomes payable, including by suspending payments for a temporary period. The exercise by the relevant UKRA of any of its powers under the Banking Act 2009 (including especially the bail-in power) could lead to the holders of the Notes losing some or all of their investment or may adversely affect the rights of holders of the Notes, the market value thereof or the Issuer's ability to satisfy its obligations thereunder.</p> <p><i>Taxation:</i> All payments under the Notes will be made without deduction of United Kingdom taxes unless otherwise required. Investors should therefore be aware that they may be subject to taxes in respect of transactions involving Notes depending, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.</p> <p><i>Capital risks relating to Notes:</i> 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 guaranteed. As a result the investors' capital can fall below the amount initially invested.</p> <p>Unlike a savings account or similar investment, an investment in the Notes is not covered by the UK Financial Services Compensation Scheme.</p> <p><i>Calculation Agent's discretion and valuations:</i> 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 acting in good faith and a commercially reasonable manner. The Calculation Agent may be permitted to use its proprietary models to set the terms of</p> |
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| | <p>adjustments which may be made under the Notes which may be difficult to verify without expertise in valuation models.</p> <p>Benchmarks Reform: LIBOR, EURIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and reform. Some of these reforms (including the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmarks Regulation")) are already effective whilst others are yet to apply. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. For example, on 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. This FCA announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".</p> <p>The Benchmarks Regulation and/or any other international, national or other reforms and/or the general increased regulatory scrutiny of "benchmarks" could have a material impact on any Notes linked to a "benchmark" index, including in any of the following circumstances: (A) (i) certain "benchmarks" may be discontinued, or (ii) the administrator(s) of a rate or index which is a "benchmark" may not obtain authorisation/registration or not be able to rely on one of the regimes available to non-EU benchmarks. Depending on the particular "benchmark" and the applicable terms of the Notes, the occurrence of such a circumstance may lead to such benchmark being deemed replaced with an alternative benchmark selected by the Issuer (or any Alternative Pre-nominated Index specified in the Final Terms as applicable), adjustment to the terms and conditions of the Notes, early redemption of the Notes, discretionary valuation by the Issuer, delisting or other consequences in relation to the Notes linked to such "benchmark"; or (B) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmarks Regulation or other reforms, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level and, depending on the particular "benchmark" and the applicable terms of the Notes, could lead to adjustments to the terms of the Notes. Any of the above consequences could have a material adverse effect on the value of and return on any such Notes.</p> <p>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.</p> <p>Commission and cost of hedging: The Issue Price of the Notes may include the distribution commission or 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 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.</p> |
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| | | 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. | |
| | | Investors may lose the value of their entire investment or part of it, as the case may be. | |
| | | Section E – Offer | |
| E.2b | Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks: | The net proceeds from the issue will be applied by the Issuer for profit making or risk hedging unless otherwise specified below. | |
| E.3 | Description of the terms and conditions of the offer: | 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>Offer Price: Issue Price, equal to 100 per cent. of the Denomination of each Note.</p> <p>The Offer Price includes, per Denomination, (i) a commission for the distribution of the Notes paid by the Issuer, through the <i>Direttore del Consorzio</i>, to each Distributor, equal to 3.00 per cent. (including VAT, if any) of the Denomination of the Notes distributed by such Distributor and (ii) a commission paid by the Issuer to the <i>Direttore del Consorzio</i> equal to 0.433 per cent. (including VAT, if any) of the final Aggregate Principal Amount.</p> <p>Investors should take into account that if the Notes are sold on the secondary market after the Offer Period, the above mentioned commissions included in the Offer Price are not taken into consideration in determining the price at which such Notes may be sold in the secondary market.</p> | |
| | | Total amount of the issue/offer; if the description of the arrangements and time for announcing to the public the definitive amount of the offer | Up to USD 500,000,000 provided that, during the Offer Period, the Issuer, in agreement with the <i>Direttore del Consorzio</i> , will be entitled to increase the total amount of the offer up to a maximum amount of USD 750,000,000. |
| | | The time period, including any possible amendments which the offer will be open: | See "Description of the Application, during process" below. |

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| | <p>Conditions to which the offer is subject</p> | <p>The offer of the Notes is conditional on their issue.</p> <p>The <i>Direttore del Consorzio</i> may, at any time during the Offer Period, after consulting the Issuer, terminate the Offer Period early at any time, including in circumstances where subscription for the Notes is not yet equal to the maximum Aggregate Principal Amount. Notice of the early termination of the Offer Period will be given in one or more notices to be made available on the website of the <i>Direttore del Consorzio</i> (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or the Final Terms will be published in relation thereto).</p> <p>The <i>Direttore del Consorzio</i> may, at any time during the Offer Period, in agreement with the Issuer, extend the Offer Period. Notice of extension of the Offer Period will be given in one or more notices to be made available on the website of the <i>Direttore del Consorzio</i> (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or the Final Terms will be published in relation thereto).</p> <p>The Issuer, the <i>Direttore del Consorzio</i> and the Distributors have entered into a distribution agreement (the "Distribution Agreement") in connection with the Offer of the Notes. The Distribution Agreement may be terminated upon the occurrence of certain circumstances set out therein. Upon termination of the Distribution Agreement, at any time following the publication of the Final Terms and prior to the Issue Date, the Offer of the Notes will be terminated and no Notes will be issued. If the Offer of the Notes is terminated, a notice to that effect will be made available on the website of the <i>Direttore del Consorzio</i> (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or the Final Terms will be published in relation thereto).</p> <p>For the avoidance of doubt, if any application has been made by a potential subscriber and the Offer is terminated, all subscription applications will become void and of no effect, without further</p> |
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| | | <p>notice and such potential subscriber shall not be entitled to subscribe or otherwise acquire the Notes.</p> |
| | <p>Description of the application process</p> | <p>The Notes will be offered in the Republic of Italy on the basis of a public offer.</p> <p>The Notes will be offered only to the public in the Republic Italy.</p> <p>Qualified Investors as defined for by Article 2 of the Prospectus Directive as implemented by art. 100 of the Italian Financial Services Act and art. 34-ter paragraph 1 lett. b) of CONSOB Regulation No. 11971 of 14 May 1999 as amended from time to time, may subscribe for the Notes.</p> <p><i>A prospective investor</i> will subscribe for the Notes in accordance with the arrangements in place between the relevant Distributor and its customers, relating to the subscription of securities generally. Prospective investors shall not be required to enter into any contractual arrangements directly with the Issuer in connection with the offer or subscription of the Notes.</p> <p><i>Subscription at the offices/premises of the Distributors</i></p> <p>During the Offer Period, investors may apply for the subscription of the Notes during normal Italian banking hours at the offices (<i>filiali</i>) of any Distributor by filling in, duly executing (also by appropriate attorneys) and delivering a specific acceptance form (the "Acceptance Form"), subject to any early termination or extension of the Offer Period or termination of the Offer of the Notes. Acceptance Forms are available at each Distributor's office.</p> <p>Any application shall be made in the Republic of Italy to the Distributors.</p> |
| | | <p><i>General</i></p> <p>There is no limit to the number of Acceptance Forms which may be filled in and delivered by the same prospective investor with the same or different Distributor, without prejudice to the circumstance that for the purposes of the allotment each applicant will be considered individually, independently of</p> |

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| | | <p>the number of Acceptance Forms delivered.</p> <p>Without prejudice to the provisions applicable in case of publication of supplements under Article 16 of the Prospectus Directive as implemented from time to time, the subscription application can be revoked by the potential investors through a specific request made at the offices of the Distributor which has received the relevant Acceptance Form within the last day of the Offer Period (i.e. 24 September 2018), as amended in the event of an early termination or extension of the Offer Period.</p> <p>In the event of publication of a supplement to the Base Prospectus as provided by the Prospectus Directive, investors who have already agreed to subscribe for the Notes before the supplement is published shall have the right, exercisable within a time limit indicated in the supplement, to withdraw their applications by a written notice to the Distributors who has received such application. The final date of the right of withdrawal will be stated in the relevant supplement.</p> <p>Applicants having no client relationship with the Distributor with whom the Acceptance Form is filed may be required to open a current account or to make a temporary non-interest bearing deposit of an amount equal to the price of the Notes requested, calculated on the basis of the Offer Price of the Notes. In the event that the Notes are not allotted or only partially allotted, the total amount paid as a temporary deposit, or any difference with the price of the Notes allotted, will be repaid to the applicant without interest by the Issue Date.</p> <p>Each Distributor is responsible for the notification of any withdrawal right applicable in relation to the offer of the Notes to potential investors.</p> <p>By subscribing for the Notes, the holders of the Notes are deemed to have knowledge of all the terms and conditions of the Notes and to accept the said terms and conditions of the Notes.</p> <p>Applications received by the Distributors prior to the start of the Offer Period or</p> |
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| | | after the closing date of the Offer Period, will be considered as not having been received and will be void. |
| | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | Not Applicable |
| | Details of the minimum and/or maximum amount of application: | <p>The Notes must be subscribed in a minimum amount of USD 2,000 (the "Minimum Lot") or an integral number of Notes greater than the Minimum Lot.</p> <p>Multiple applications may be submitted by the same applicants with the same or a different Distributor, without prejudice to the circumstance that for the purposes of the allotment each applicant will be considered individually, independently of the number of Acceptance Forms delivered.</p> <p>The maximum Aggregate Principal Amount of Notes to be issued is USD 500,000,000 provided that, during the Offer Period, the Issuer, in agreement with the <i>Direttore del Consorzio</i>, will be entitled to increase the total amount of the offer up to a maximum amount of USD 750,000,000. Notice of any such increase will be given in one or more notices to be made available on the website of Banca IMI (www.bancaimi.com) and through the Distributors (and for the avoidance of doubt, no supplement to the Base Prospectus or the Final Terms will be published in relation thereto).</p> <p>There is no maximum subscription amount of the Notes to be applied for by each investor within the Aggregate Principal Amount and subject to the provisions in paragraph "Description of the application process" above.</p> |
| | Details of the method and time limits for paying up the securities and delivering of the securities: | <p>The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys.</p> <p>The settlement and the delivery of the Notes as between the Issuer and the Distributors will be executed through the <i>Direttore del Consorzio</i>.</p> <p>Each investor will be notified by the relevant Distributor of the settlement arrangement in respect of the Notes at the time of such investor's application and payment for the Notes shall be made by</p> |

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| | | <p>the investor to the relevant Distributor in accordance with arrangements existing between the relevant Distributor and its customers relating to the subscription of securities generally.</p> <p>The Notes are estimated to be delivered to the subscribers' respective book-entry securities account on or around the Issue Date.</p> |
| | | <p>Manner in and date on which results of the offer are to be made public:</p> <p>The results of the offer of the Notes will be published as soon as possible on the website of the <i>Direttore del Consorzio</i> www.bancaimi.com and through the Distributors. The results of the offer of the Notes will be published on the website of the Issuer at www.hsbc.com/investor-relations/fixedincome-investors/subsidiary-companysecurities</p> |
| | | <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:</p> <p>Not Applicable</p> |
| | | <p>Whether tranche(s) have been reserved for certain countries:</p> <p>Not Applicable</p> |
| | | <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:</p> <p>Applicants will be notified directly by the Distributor of the success of their application and amount allotted.</p> <p>Subscription applications will be accepted until the Aggregate Principal Amount is reached during the Offer Period. In the event that the requests exceed the Aggregate Principal Amount during the Offer Period, the <i>Direttore del Consorzio</i> will terminate the Offer Period early.</p> <p>In the event that, notwithstanding the above, the total amount of Notes requested to be subscribed for exceed the Aggregate Principal Amount, the <i>Direttore del Consorzio</i> will allot the Notes in a transparent manner that ensures equal treatment amongst all potential subscribers.</p> <p>Dealing in the Notes may commence on the Issue Date.</p> |
| | | <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser:</p> <p>(A.) Distribution fees and fees to the <i>Direttore del Consorzio</i>: see above paragraph Offer Price.</p> |

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| | | (B.) Administrative and other costs relating to the holding of the Notes (service fees, custodians fees, brokerage fees, financial services etc.): prospective subscribers are invited to check those costs with their financial intermediary. |
| | | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: See definition of Authorised Offerors above. |
| | | Name and address of any paying agents and depositary agents in each country: Not Applicable |
| | | 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 |
| E.4 | Description of any interests material to the issue/offer, including conflicting interests: | <p>The Issuer or its affiliates may engage in hedging or other transactions involving the relevant underlying interest rate which may have a positive or negative effect on the level of such interest rate and therefore on the value of any Notes to which they relate. Certain affiliates of the Issuer or the Issuer itself may also be the counterparty to the hedge of the Issuer's obligations under an issue of the Notes and the Calculation Agent (who is responsible for making determinations and calculations in connection with the Notes acting in good faith and a commercially reasonable manner). In addition, the Issuer or its affiliates may publish research reports which express opinions or provide recommendations inconsistent with purchasing or holding Notes referencing the Underlying or the relevant underlying interest rate.</p> <p>The above statements relating to conflicts of interests are not applicable to the Notes.</p> <p>(i) A commission for the distribution of the Notes paid by the Issuer, through the <i>Direttore del Consorzio</i>, to each Distributor, equal to 3.00 per cent. (including VAT, if any) of the Denomination of the Notes distributed by such Distributor and (ii) a commission paid by the Issuer to the <i>Direttore del Consorzio</i> equal to 0.433 per cent. (including VAT, if any) of the final Aggregate Principal Amount.</p> <p>The following additional interest(s) are material to issues of the Notes: (i) the <i>Direttore del Consorzio</i> acting as hedge counterparty (ii) the relationship between the <i>Direttore del Consorzio</i> and other companies of the Intesa Sanpaolo Group and EuroTLX SIM S.p.A., (iii) the <i>Direttore del Consorzio</i> potentially acting as liquidity provider on EuroTLX in respect of the Notes and (iv) the <i>Direttore del Consorzio</i>, the Distributors and their affiliates, relationship with the Issuer and companies of its group.</p> |
| E.7 | Estimated expenses charged to the investor by the issuer or the offeror: | <p>Expenses to investors in connection with any issue of Notes may or may not be charged.</p> <p>Not Applicable. Expenses in respect of the Notes are not charged directly by the Issuer to the investor.</p> |