

Final Terms dated: 04<sup>th</sup> October 2018

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**Up to GBP 25,000,000 Notes linked to Eukairos Investments Limited Preference Shares Series 1203**

**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 19 June 2018 relating to Preference Share-Linked Notes issued under the above Programme, together with each supplemental prospectus relating to the Programme published by the Issuer after 19 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 and with the terms and conditions of the Preference Shares (as defined below) are annexed to these Final Terms.

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

1. Issuer: HSBC Bank plc
2. Tranche Number: 1
3. Settlement Currency: Great British Pounds ("GBP")
4. Aggregate Principal Amount of Notes admitted to trading:
  - (i) Series: Up to GBP 25,000,000
  - (ii) Tranche: Up to GBP 25,000,000
5. Issue Price: 100 per cent. of the Aggregate Principal Amount
6. (i) Denomination (s): GBP 1.00
  - (ii) Calculation Amount: GBP 1.00
  - (iii) Aggregate Outstanding: Not Applicable

Nominal Amount  
Rounding:

7. Issue Date: 14 December 2018
8. Maturity Date: 12 December 2025 (or, if later, the date falling 2 Business Days following the Valuation Date), or if the Preference Shares become subject to the auto-call provisions contained in the terms and conditions of the Preference Shares, the date specified below in relation to the relevant Preference Share Valuation Date:

| <b>Preference Share Valuation Date</b><br><i>(subject to adjustment in accordance with sub-paragraph 10(vii) below)</i> | <b>Maturity Date</b><br><i>(or, in each case, if later, the date falling 2 Business Days following the Valuation Date falling immediately after such Preference Share Valuation Date)</i> |
|---|---|
| 29 November 2019  | 13 December 2019  |
| 30 November 2020  | 14 December 2020  |
| 30 November 2021  | 14 December 2021  |
| 30 November 2022  | 14 December 2022  |
| 30 November 2023  | 14 December 2023  |
| 29 November 2024  | 13 December 2024  |

9. Type of Notes (for the purposes of Redemption): Autocallable Redemption Notes
10. Preference Share provisions:
- (i) Preference Shares: Eukairos Investments Limited Preference Shares Series 1203
- (ii) Index: FTSE® 100 Index Bloomberg Ticker Index: UKX
- (iii) Basket: Not Applicable
- (iv) Initial Valuation Date: Issue Date
- (v) Valuation Date: Eighth Business Day following the Preference Share Valuation Date
- (vi) Valuation Time: 5pm London Time
- (vii) Preference Share Valuation Date: (1) if the Preference Shares become subject to the auto-call provisions contained in the terms and conditions of the Preference Shares (or would have become subject to such auto-call provisions but for the delay of the date for valuation or determination of the underlying Index of the Preference Shares on or about such date):
- (i) in the year 2019, the 29 November 2019;

(ii) in the year 2020, the 30 November 2020;

(iii) in the year 2021, the 30 November 2021 ;

(iv) in the year 2022 , the 30 November 2022;

(v) in the year 2023 , the 30 November 2023 ;

(vi) in the year 2024 , the 29 November 2024 ;or

(2) otherwise 28 November 2025, or, in each case, if such date for valuation of or any determination of the underlying Index of the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date shall be such delayed valuation or determination date, as determined by the Calculation Agent.

(viii) Extraordinary Event: Condition 4(d) applies.

(ix) Additional Disruption Event: Condition 4(e) applies.

11. Taxation: Condition 5B (*Taxation – Gross-up*) is applicable  
(*Condition 5*)

12. Form of Notes: Bearer Notes

13. 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: Yes. 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.

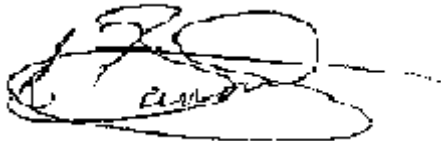
(iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer a material: No. Paragraph (c) of the Permanent Global Note does not apply. The Issuer may not elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (c) of the Permanent Global Note.

disadvantage  
following a  
change of law  
or regulation:

14. Exchange Date for Not earlier than 40 days after the Issue Date  
exchange of  
Temporary Global  
Note:
15. If issued in registered Not Applicable  
form (other than  
Uncertificated  
Registered Notes):
16. Payments:
- (i) Business Centre(s): London
- (ii) Relevant Financial Centre Day: London
17. Redenomination: Not Applicable

**CONFIRMED**

**HSBC BANK PLC**

A handwritten signature in black ink, appearing to be 'P. M. ...', written over a circular stamp or seal.

By: .....

*Authorised Signatory*

Date: .....

## **PART B – OTHER INFORMATION**

### **1. LISTING**

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

(ii) Admission to trading:

Application will be made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc. No assurance can be given as to whether or not, or when, such application will be granted.

### **2. RATINGS**

Ratings: The Notes are not rated.

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

(i) Reasons for the offer and use of proceeds: Profit making and/or hedging activities

(ii) Estimated net proceeds: Information not required

(iii) Estimated total expenses and taxes specifically charged to the subscriber or purchaser: Information not required

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

The Notes may be on-sold by the Dealer(s) to the Initial Authorised Offerors at a discount to the Issue Price of up to 3 per cent. Such discount (the "**re-offer spread**") will be retained by the Initial Authorised Offerors.

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

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

Information on past and future performance and volatility of the Index can be obtained from the websites of Financial Times Limited.

### ***DISTRIBUTION***

6. (i) If syndicated, name and address 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: Not Applicable
7. If non-syndicated, name and address of Dealer: HSBC Bank plc 8 Canada Square, London E14 5HQ
8. TEFRA Rules applicable to Bearer Notes: TEFRA D Rules
9. Selling restrictions, United States of America: 40-day Distribution Compliance Period: Not Applicable
10. Public Offer: Applicable
- (i) Details of the Public Offer: An offer of this Tranche of Notes may be made by the Dealer and Meteor Asset Management Ltd (together with the Dealer, the "**Initial Authorised Offerors**") other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom only (the "**Public Offer Jurisdiction**") during the period from and including 08<sup>th</sup> October 2018 until but excluding 30<sup>th</sup> November 2018 (the "**Offer Period**").
- (ii) Conditions attached to the consent to use the Prospectus: Not Applicable
11. Additional U.S. federal income tax considerations: Not Applicable. The Notes are not Section 871(m) Notes for the purpose of Section 871(m) of the U.S. Internal Revenue Code of 1986.

#### **OPERATIONAL INFORMATION**

12. ISIN Code: XS1885553658
13. Common Code: 188555365
14. SEDOL: BGRDLF5
15. Other identifier / code: Not Applicable
16. Clearing System: Euroclear
17. Delivery: Delivery against payment
18. Principal Paying Agent/Registrar/Issue Agent/Transfer Agent: HSBC Bank plc
19. Additional Paying Agent(s) (if any): Not Applicable
20. Common Depository: HSBC Bank plc
21. Calculation Agent: HSBC Bank plc

#### **BENCHMARKS**

22. Details of benchmarks administrators and registration under Benchmarks Regulation: The FTSE® 100 Index is provided by FTSE International Limited. As of the date hereof, FTSE International Limited appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation.

#### TERMS AND CONDITIONS OF THE OFFER

23. Offer Price: Issue Price
24. 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 GBP 25,000,000 Notes will be issued and the criterion/condition for determining the final amount of Notes will be investor demand.  
A copy of these Final Terms will be filed with the Financial Conduct Authority in the UK (the "FCA"). On or before the Issue Date, a notice pursuant to UK Prospectus Rule 2.3.2(2) of the final aggregate principal amount of the Notes will be (i) filed with the FCA and (ii) published in accordance with the method of publication set out in Prospectus Rule 3.2.4(2).
25. The time period, including any possible amendments, during which the offer will be open: An offer of the Notes will be made other than pursuant to Article 3(2) of the Prospectus Directive during the Offer Period.
26. Conditions to which the offer is subject: The Issuer may close the Offer Period prior to 30 November 2018 if the Notes are fully subscribed before such date.
27. Description of the application process: A prospective investor should contact the Initial Authorised Offerors during the Offer Period. A prospective investor will subscribe for the Notes in accordance with the arrangements existing between the Initial Authorised Offeror and its customer relating to the subscription of securities generally and not directly with the Issuer.  
Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than the United Kingdom wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial adviser, bank or financial intermediary for more information.
28. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: Not Applicable
29. Details of the minimum and/or maximum amount of application: Minimum of GBP 1,000
30. Details of the method and time limits for paying up the securities and delivering of the securities: Prospective Noteholders will be notified by the Initial Authorised Offerors of their allocations of Notes and the settlement arrangements in respect

thereof. The Notes will be issued on the Issue Date on a delivery against payment basis.

- |     |   |  |
|-----|---|--|
| 31. | Manner in and date on which results of the offer are to be made public:   | The final size will be known at the end of the Offer Period.<br><br>A copy of these Final Terms will be filed with the Financial Conduct Authority in the UK (the "FCA"). On or before the Issue Date, a notice pursuant to UK Prospectus Rule 2.3.2(2) of the final aggregate principal amount of the Notes will be (i) filed with the FCA and (ii) published in accordance with the method of publication set out in Prospectus Rule 3.2.4(2). |
| 32. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:  | Not Applicable   |
| 33. | Whether tranche(s) have been reserved for certain countries:  | Not Applicable   |
| 34. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:   | At the end of the Offer Period, Meteor Asset Management Ltd will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes.   |
| 35. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:   | Not Applicable   |
| 36. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:  | The Notes are to be offered to the public in the Public Offer Jurisdiction by the Initial Authorised Offerors.<br><br>Meteor Asset Management Ltd: 55 King William Street, London EC4R 9AD<br><br>HSBC Bank plc: 8 Canada Square, London E14 5HQ   |
| 37. | Name and address of any paying agents and depositary agents in each country:  | HSBC Bank plc, 8 Canada Square, London E14 5HQ   |
| 38. | 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   |



## ANNEX

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

**The following Index disclaimer is applicable in respect of the FTSE® 100 Index, as agreed between the Index Sponsor and the Issuer:**

#### STATEMENTS REGARDING THE FTSE® 100 INDEX

The Notes and Preference Shares (the "**Products**") have been developed solely by their respective issuers. The Products are not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE® 100 Index (the "**Index**") vest in the relevant LSE Group company which owns the Index. FTSE®, Russell® and FTSE Russell® are trade marks of the relevant LSE Group company and are used by any other LSE Group company under license.

The Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Products. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Products or the suitability of the Index for the purpose to which it is being put by the issuers of the Products.

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

## Preference Share Terms and Conditions for Autocallable Redemption Notes

The following are the terms and conditions (the "**Conditions**") of the Series 1203 Index linked redeemable preference shares (the "**Preference Shares**") issued by Eukairos Investments Limited (the "**Company**") on 12 December 2018. Terms not otherwise defined have the meanings given in Condition 1 (*Definitions*) below. References to a numbered Condition shall be to such numbered section of the Conditions.

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

### 1. Definitions

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

"**Administrator/Benchmark Event**" means, in respect of any Series of Preference Shares and an Index, that one of the following events has occurred or will occur, as determined by the Calculation Agent, in respect of such Index:

- (a) a "**Non-Approval Event**", being any of the following:
  - (i) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Index or the administrator or sponsor of the Index is not obtained;
  - (ii) the Index or the administrator or sponsor of the Index is not included in an official register; or
  - (iii) the Index or the administrator or sponsor of the Index does not fulfil any other legal or regulatory requirement applicable to the Company, the issuer of any Related Financial Product or the Index,

in each case, as required under any applicable law or regulation in order for the Company, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Preference Shares. For the avoidance of doubt, a Non-Approval Event shall not occur if the Index or the administrator of the Index or the Index Sponsor is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended if, at the time of such suspension, the continued provision and use of the Index is permitted in respect of the Preference Shares or any Related Financial Product under the applicable law or regulation during the period of such suspension;

- (b) a "**Rejection Event**", being the relevant competent authority or other relevant official body rejects or refuses any application for authorisation, registration, recognition, endorsement, an equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Index or the administrator of the Index or the Index Sponsor under any applicable law or regulation for the Company, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Preference Shares or any Related Financial Product; or
- (c) a "**Suspension/Withdrawal Event**", being:
  - (i) the relevant competent authority or other relevant official body suspends or withdraws any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Index or the administrator of the Index or the Index Sponsor which is required under any applicable law or regulation in order for the Company, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Preference Shares or any Related Financial Product; or
  - (ii) the Index or the administrator of the Index is removed from any official register where inclusion in such register is required under any applicable law or regulation in order for

the Company, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Preference Shares or any Related Financial Product.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Index is permitted in respect of the Preference Shares or any Related Financial Product under the applicable law or regulation during the period of such suspension or withdrawal;

**"Administrator/Benchmark Event Determination Date"** means, in relation to any Index, the date on which the Calculation Agent determines that an Administrator/Benchmark Event has occurred;

**"Affected Index"** means the Index affected by an Administrator/Benchmark Event;

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

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

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

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

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

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

| <b>Auto-Call Valuation Date</b> | <b>Auto-Call Trigger Level</b> | <b>Auto-Call Trigger Rate</b> |
|---------------------------------|--------------------------------|-------------------------------|
| <b>29 November 2019</b>         | <b>100.00%</b>                 | <b>106.50%</b>                |

| <b>Auto-Call Valuation Date</b> | <b>Auto-Call Trigger Level</b> | <b>Auto-Call Trigger Rate</b> |
|---------------------------------|--------------------------------|-------------------------------|
| 30 November 2020                | 100.00%                        | 113.00%                       |
| 30 November 2021                | 95.00%                         | 119.50%                       |
| 30 November 2022                | 95.00%                         | 126.00%                       |
| 30 November 2023                | 90.00%                         | 132.50%                       |
| 29 November 2024                | 85.00%                         | 139.00%                       |

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

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

"**Barrier Level**" means 60 per cent.

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

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

"**Call and Put Period**" means the period commencing on and including the Issue Date to and including the day after 14 December 2018 or, if such date is not a Business Day, the next following Business Day.

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

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

"**Component Security**" means with respect to an Index, each component security of that Index.

"**Disrupted Day**" means (a) in respect of an Index (other than a Multiple Exchange Index), any Scheduled Trading Day in respect of such Index on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Index has occurred or (b) in respect of a Multiple Exchange Index, any Scheduled Trading Day in respect of such Index on which (i) the Index Sponsor fails to publish the level of the Index; (ii) any Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event in respect of such Index has occurred.

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

Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

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

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

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

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

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

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

**"Exchange"** means (a) in respect of an Index, the exchange or quotation system specified as such in relation to such Index in the definition of Indices below, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the components of such Index have temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to such components as on the original Exchange); or (b) in respect of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the definition of Indices below).

**"Exchange Business Day"** means (a) in respect of an Index (other than a Multiple Exchange Index) any Scheduled Trading Day in respect of such Index on which the relevant Exchange and any relevant Related Exchange for such Index are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) in respect of a Multiple Exchange Index, any Scheduled Trading Day in respect of such Index on which (i) the Index Sponsor publishes the level of the Index and (ii) any relevant Related Exchange for such Index is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

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

of the level of the Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relations to the Index on any relevant Related Exchange.

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

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

- (a) if an Auto-Call Trigger Event has occurred:
  - the relevant Auto-Call Trigger Rate; or
- (b) if an Auto-Call Trigger Event has not occurred, and:
  - (i) if the Index Performance on the Valuation Date is greater than or equal to the Final Trigger Level: 145.50%; or
  - (ii) if the Index Performance on the Valuation Date is less than the Final Trigger Level and:
    - (A) if the Final Index Level on the Valuation Date is greater than or equal to the product of (x) the Initial Index Level and (y) the Barrier Level: 100%; or
    - (B) if the Final Index Level on the Valuation Date is less than the product of (x) the Initial Index Level and (y) the Barrier Level: the Index Performance.

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

"**Final Trigger Level**" means 75 per cent.

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

"**Index Determination Date**" means, in relation to any Index, a date on which such Index falls to be determined in accordance with the Conditions;

"**Index Related Payment Date**" means, in relation to any Index and an Index Determination Date, any payment date under the Preference Shares for which the amount payable is calculated by reference to the Index as determined on such Index Determination Date;

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

| <b>Index</b>                                  | <b>Exchange</b>          | <b>Related Exchange</b>  |
|---|--------------------------|--|
| FTSE® 100<br>(Bloomberg Ticker<br>Index: UKX) | London Stock<br>Exchange | Each exchange or<br>quotation system<br>where trading has a<br>material effect (as<br>determined by the<br>Calculation Agent) on<br>the overall market for |

|  |  |   |
|--|--|---|
|  |  | futures and options contracts relating to the Index |
|  |  |   |

"**Index Level**" means, in respect of any day and subject to Adjustment Provisions: (a) in respect of an Index (other than a Multiple Exchange Index), the closing level of such Index at the Valuation Time on such day; and (b) in respect of an Index that is a Multiple Exchange Index, the official closing level of the Index on such day at the Valuation Time as calculated and published by the Index Sponsor each as rounded up to four decimal places (with 0.00005 being rounded up), all as determined by the Calculation Agent.

"**Initial Index Level**" means in respect of an Index and subject to Adjustment Provisions the Index Level of such Index on the Initial Valuation Date for such Index.

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

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

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

"**Initial Valuation Date**" means, in respect of an Index and subject to the Adjustment Provisions, 30 November 2018 or, if such date is not a Scheduled Trading Day for such Index the next following Scheduled Trading Day for such Index thereafter.

"**Issue Date**" means 12 December 2018

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

- (a) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, OR (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure, AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (b) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure;

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component



Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

"**Multiple Exchange Index**" means an Index identified or specified as such in the definition of Indices.

"**Notional Amount**" means GBP1.00 per Preference Share.

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

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

"**Relevant Nominating Body**" means, in respect of an Index:

- (a) the central bank for the currency in which the Index is denominated or any central bank or other supervisor which is responsible for supervising either the Index or the administrator of the Index; or
- (b) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (i) the central bank for the currency in which the Index is denominated, (ii) any central bank or other supervisor which is responsible for supervising either the Index or the administrator of the Index, (iii) a group of those central banks or other supervisors or (iv) the Financial Stability Board or any part thereof;

"**Replacement Index**" has the meaning given to it in Condition 13(c)(ii)(A) (*Consequences of an Administrator/Benchmark Event*);

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

"**Scheduled Trading Day**" means (a) in respect of an Index (other than a Multiple Exchange Index), any day on which the relevant Exchange and the relevant Related Exchange for such Index are scheduled to be open for trading during their respective regular trading sessions; or (b) in respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) each relevant Related Exchange for such Index is scheduled to be open for trading for its regular trading session.

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

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

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

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

"**Specified Maximum Number of Disrupted Days**" means eight Scheduled Trading Days;

**"Trading Disruption"** means (a) with respect to an Index (other than a Multiple Exchange Index), any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**"Valuation Date"** means, in respect of an Index and subject to the Adjustment Provisions, 28 November 2025, if such date is not a Scheduled Trading Day for such Index the next following Scheduled Trading Day for such Index thereafter.

**"Valuation Time"** means:

- (a) in respect of an Index (other than a Multiple Exchange Index), the Scheduled Closing Time on the relevant Exchange on the Initial Valuation Date, Auto-Call Valuation Date, the Valuation Date or such other day as determined by the Calculation Agent, as the case may be. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (b) in respect of a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

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

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

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

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

### 2.1 **Final Redemption**

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

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

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

2.3 **Company Call**

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

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

2.4 **Shareholder Put**

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

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

2.5 **Transfer of Preference Shares**

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

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

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

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

4. **Dividends**

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

5. **Further Preference Shares**

The Company shall be entitled to issue further Preference Shares from time to time to be consolidated and form a single class with the Preference Shares **provided that** the rights conferred upon the

Shareholders shall not be varied, amended or abrogated by the creation, allotment or issue of any further Preference Shares of the same class as the Preference Shares or any different class.

6. **Notices**

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

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

7. **Calculations and Determinations**

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

Notwithstanding that certain calculations, determinations and adjustments in the Conditions may be expressed to be on a certain date, the Calculation Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it acting in good faith and in a commercially reasonable manner.

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

8. **Severability**

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

9. **Governing Law And Jurisdiction**

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

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

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

11. **Calculation Agent Modifications**

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

The Calculation Agent shall be free to modify such methodology or provisions from time to time, acting in good faith and in a commercially reasonable manner, (1) as it deems appropriate in response to any market, regulatory, juridical, fiscal or other circumstances which may arise which, in the opinion of the Calculation Agent, necessitates or makes desirable (taking into account the interests of the Company and any obligor of a Related Financial Product) a modification or change of such methodology or provisions or (2) for the purposes of (i) preserving the intended economic terms of the Preference Shares or (ii) curing any ambiguity or correcting or supplementing any provision of the Conditions or (iii) accounting for any change in the basis on which any relevant values, levels or information is calculated or provided which would materially change the commercial effect of any provision or provisions of the Conditions or (iv) replacing any information provider or source or (v) making amendments to the provisions of a formal, minor or technical nature or (vi) correcting any manifest or proven errors or (vii) making such amendments to comply with mandatory provisions of any applicable laws, **provided that** no modification by the Calculation Agent constituting a variation (or deemed variation) of the rights of the Preference Shares (or any other class of shares of the Company) for the purposes of sections 630-640 of the Companies Act 2006 and/or the Articles shall have effect unless previously approved in accordance with the Companies Act 2006 and the Articles.

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

12. **Consequences of Disrupted Days**

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

13. **Adjustments**

(a) ***Successor Index***

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

(b) ***Index Adjustment Events***

If (i) on or prior to Initial Valuation Date, the Valuation Date or an Auto-Call Valuation Date the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the relevant Index or in any other way materially modifies the Index (other than a

modification prescribed in the formula or method to maintain that Index in the event of changes in its constituent securities, capitalisation and other routine events) (an "**Index Modification**") or permanently cancels that Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on the Initial Valuation Date, the relevant Auto-Call Valuation Date or the Valuation Date, as the case may be, such Index Sponsor or, if applicable, the Successor Index Sponsor, fails to calculate and announce the relevant Index Level (an "**Index Disruption**") or (iii) at any time an Administrator/Benchmark Event occurs (together with an Index Modification, an Index Cancellation and an Index Disruption, each an "**Index Adjustment Event**"), then (A) in the case of an Index Modification or an Index Disruption, the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Preference Shares and, if so, shall calculate any relevant adjustment to the Conditions which may include, without limitation (i) an adjustment to any value, date, variable or other provision to take into account the relevant Index Adjustment Event, (ii) delaying the Initial Valuation Date, the relevant Auto-Call Valuation Date or the Valuation Date, as the case may be, until the relevant Index Adjustment Event no longer exists or (iii) determining the Index Level for such Index for each date following such change, failure or cancellation on which the Index Level is required for the purposes of the Preference Shares, using, in lieu of a published level for that Index, the level for that Index on such date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised such Index immediately prior to that Index Adjustment Event and (B) in the case of an Index Cancellation or an Administrator/Benchmark Event, the Company may, at any time thereafter, determine that all but some only of the Preference Shares shall be redeemed in accordance with Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*).

(c) ***Consequences of an Administrator/Benchmark Event***

- (i) If the Calculation Agent determines that an Administrator/Benchmark Event has occurred in relation to a relevant Index, then the Calculation Agent shall do any of the following:
  - (A) determine that references to such Index shall be deemed to be replaced by references to such index, benchmark or price source as the Calculation Agent determines would have the effect of placing the Company and/or the issuer of any Related Financial Product in an economically equivalent position to that which it would have been in had the Administrator/Benchmark Event not occurred (the "**Replacement Index**") (and in making such determination the Calculation Agent shall be entitled to take into account such facts and circumstances as it considers relevant including, without limitation, (i) any index, benchmark or other price source which measures the same market or economic reality as the Index and which is formally designated, nominated or recommended by the administrator or sponsor of the Index or (ii) any index, benchmark or other price source which is formally designated, nominated or recommended by any Relevant Nominating Body, in each case to replace the Index), in which case:
    - (1) references to such Index shall be deemed to be replaced with references to such Replacement Index with effect from the Administrator/Benchmark Event Determination Date; and
    - (2) the Calculation Agent shall make such other adjustments to the Conditions as it determines are necessary to account for the effect on the Preference Shares of referencing the Replacement Index in place of such Index including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Preference Shares; or
  - (B) follow the steps for determining the relevant level of the Affected Index set out in Condition 13(b) (*Index Adjustment Events*) as if the Administrator/Benchmark Event were an Index Cancellation;

- (C) determine that the Preference Shares shall be redeemed in accordance with Condition 3 (*Early Redemption if there is an Early Preference Share Redemption Event*);

**provided, however, that** if (x) it is or would be unlawful at any time under applicable law or regulation or (y) it would contravene any applicable licensing requirements, in each case, for any of the above provisions or determinations to apply to the Preference Shares, then such provision shall not apply and the Calculation Agent shall not make such determination (as the case may be) and the Calculation Agent shall instead take any of the above actions that complies with the applicable law, regulation or licensing requirements.

- (ii) In making any determination under this Condition 13(c), the Calculation Agent shall take account of such facts and circumstances as it considers relevant, including, without limitation, any determinations made in respect of any hedging arrangements in relation to any Related Financial Product (including in respect of any termination or re-establishment of hedging arrangements) and the funding costs of the issuer of any Related Financial Product.
- (iii) If the Calculation Agent is not able to determine the Index in accordance with the provisions of this Condition 13(c) on any Index Determination Date, then the Index Determination Date shall be postponed to such date as it is able to make such determination and any Index Related Payment Date will also be postponed, if needed, such that the Related Payment Date shall fall at least three (3) Business Days following the postponed Index Determination Date.
- (iv) No further payment on account of interest or otherwise shall be due in respect of any payment postponed pursuant to this Condition 13(c).
- (v) The Calculation Agent shall promptly following the determination of any replacement for an Index pursuant to this Condition 13(c) give notice thereof and of any changes pursuant to paragraph (i)(A)(2) to the Company and the holders of the Preference Shares.
- (vi) Without prejudice, in the case of any Index-Linked Preference Shares, to the provisions of Condition 13(b) (*Index Adjustment Events*) in relation to an Index Modification, if the definition, methodology or formula for an Index, or other means of calculating the Index, is changed, then references to such Index shall be to such Index as so changed.

#### 14. **Additional Disruption Events**

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

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

**"Change in Law"** means that on or after the Issue Date, (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation

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

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

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

15. **Correction of Index Levels**

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

**CALCULATION AGENT DISCLAIMERS**

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



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

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

#### **STATEMENTS REGARDING THE FTSE® 100 INDEX**

The Preference Shares (the "**Products**") have been developed solely by the Company. The Products are not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE® 100 Index (the "**Index**") vest in the relevant LSE Group company which owns the Index. FTSE®, Russell® and FTSE Russell® are trade marks of the relevant LSE Group company and are used by any other LSE Group company under license.

The Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Products. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Products or the suitability of the Index for the purpose to which it is being put by HSBC Bank plc or the Company.

## ISSUE SPECIFIC SUMMARY

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

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

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

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

| <b>Section A – Introduction and Warnings</b> |  |   |
|--|--|---|
| <b>A.1</b>                                   | <b>Introduction and Warnings:</b>  | <p>This summary must be read as an introduction to this prospectus and any decision to invest in the Notes should be based on a consideration of 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>   |
| <b>A.2</b>                                   | <b>Consent by the Issuer to the use of the prospectus in subsequent resale or final placement of the Notes, indication of offer period and conditions to consent for subsequent resale or final placement and warning:</b> | <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 "<b>Public Offer</b>") of the Notes by the Dealer and Meteor Asset Management Ltd (the "<b>Authorised Offerors</b>") during the period from and including 08 October 2018 to but excluding 30 November 2018 (the "<b>Offer Period</b>") and in the United Kingdom only (the "<b>Public Offer Jurisdiction</b>"), provided that the relevant Authorised Offeror is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and any other applicable laws. The Issuer also accepts responsibility for the content of the prospectus with respect to the subsequent resale or final placement of the Notes by the Authorised Offerors.</p> <p><b>The Authorised Offeror will provide information to investors on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the investors.</b></p> |
| <b>Section B – Issuer</b>                    |  |   |
| <b>B.1</b>                                   | <b>Legal and commercial name of the Issuer:</b>  | The legal name of the issuer is HSBC Bank plc (the " <b>Issuer</b> ") and, for the purposes of advertising, the Issuer uses an abbreviated version of its name, HSBC.   |
| <b>B.2</b>                                   | <b>Domicile and legal form of the</b>  | 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   |

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|                    | <p><b>Issuer, the legislation under which the Issuer operates and its country of incorporation:</b></p> | <p>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>  |
| <p><b>B.4b</b></p> | <p><b>Known trends affecting the Issuer and the industries in which it operates:</b></p>                | <p><b>UK</b></p> <p>UK real Gross Domestic Product ("<b>GDP</b>") 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 ("<b>CPI</b>") 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 ("<b>EU</b>") 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><b>Eurozone</b></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-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> <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 ("<b>ECB</b>") to tighten monetary policy are likely to be very gradual. Its current guidance is that net asset purchases under</p> |

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|-------------|--|--|
|             |  | 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.  |
| <b>B.5</b>  | <b>The group and the Issuer's position within the group:</b>   | The whole of the issued ordinary and preference share capital of the Issuer is beneficially owned by HSBC UK Holdings Limited. HSBC UK Holdings Limited is a wholly and directly owned subsidiary of 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.<br><br>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. |
| <b>B.9</b>  | <b>Profit forecast or estimate:</b>  | Not Applicable. There are no profit forecasts or estimates made in the prospectus.   |
| <b>B.10</b> | <b>Nature of any qualifications in the audit reports on the historical financial information:</b>          | 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>B.12</b> | <b>Selected key financial information, no material adverse change and no significant change statement:</b> | 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 | 31 December 2016 |
| <b>For the year (£m)</b>  |                  |                  |
| Profit before tax (reported basis).....   | 2,370            | 874              |
| Profit before tax (adjusted basis) <sup>1</sup> .....   | 3,832            | 4,234            |
| Net operating income before loan impairment charges and other credit risk provisions <sup>2</sup> ..... | 13,052           | 13,305           |
| Profit/(loss) attributable to shareholders of the parent company  | 1,809            | (212)            |
| <b>At year-end (£m)</b>   |                  |                  |
| Total equity attributable to shareholders of the parent company   | 43,462           | 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          |
| <b>Capital ratios (%)<sup>3</sup></b>   |                  |                  |
| Common equity tier 1.....   | 11.8             | 10.2             |
| Tier 1.....   | 13.8             | 12.3             |
| Total capital.....  | 16.9             | 15.7             |
| <b>Performance, efficiency and other ratios (annualised %)</b>  |                  |                  |
| Return on average ordinary shareholders' equity <sup>4</sup> .....                                      | 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) <sup>5</sup> .....   | 78.2             | 90.3             |
| Cost efficiency ratio (adjusted basis) <sup>5</sup> .....   | 67.5             | 63.9             |
| Jaws (adjusted basis) <sup>6</sup> .....  | (5.8)            | 0.4              |
| Ratio of customer advances to customer accounts.....  | 73.5             | 74.8             |

- <sup>1</sup> 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.
- <sup>2</sup> Net operating income before loan impairment charges and other credit risk provisions is also referred to as revenue.
- <sup>3</sup> 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.
- <sup>4</sup> 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.
- <sup>5</sup> 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).
- <sup>6</sup> Adjusted jaws measures the difference between adjusted revenue and adjusted cost growth rates.

|  | Half-year to |              |
|--|--------------|--------------|
|  | 30 June 2018 | 30 June 2017 |
| <b>For the period (£m)<sup>1</sup></b>   |              |              |
| Profit/(loss) before tax (reported basis) .....  | 1,659        | 1,858        |
| Profit before tax (adjusted basis) <sup>2</sup> .....  | 1,765        | 2,530        |
| Net operating income before change in expected credit losses<br>and other credit impairment charges <sup>3</sup> ..... | 6,439        | 6,913        |
| Profit attributable to shareholders of the parent company  | 1,203        | 1,370        |
| <b>At period-end (£m)<sup>1</sup></b>  |              |              |
| 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<br>allowances) .....  | 278,682      | 278,214      |
| Customer accounts .....  | 385,913      | 385,766      |
| <b>Capital ratios (%)<sup>1,4</sup></b>  |              |              |
| Common equity tier 1 .....   | 13.3         | 10.9         |
| Tier 1 .....   | 15.6         | 13.0         |
| Total capital .....  | 19.0         | 16.4         |
| <b>Performance, efficiency and other ratios (annualised %)<sup>1</sup></b>   |              |              |
| Return on average ordinary shareholders' equity <sup>5</sup> .....   | 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) <sup>6</sup> .....  | 72.2         | 73.3         |
| Cost efficiency ratio (adjusted basis) <sup>6</sup> .....  | 70.3         | 63.8         |
| Jaws (adjusted basis) <sup>7</sup> .....   | (9.3)        | 0.5          |
| Ratio of customer advances to customer accounts .....  | 72.2         | 72.1         |

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> Net operating income before change in expected credit losses and other credit impairment charges is also referred to as revenue.
- <sup>4</sup> 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.
- <sup>5</sup> 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.
- <sup>6</sup> 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).
- <sup>7</sup> Adjusted jaws measures the difference between adjusted revenue and adjusted cost growth rates.

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|  |  | There has been no material adverse change in the prospects of the Issuer since 31 December 2017.   |
|  |  | 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 |

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|                               |   | the financial or trading position of the Issuer and its subsidiary undertakings since 30 June 2018.  |
| B.13                          | <b>Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency:</b> | Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.   |
| B.14                          | <b>Dependence upon other entities within the group:</b>   | The Issuer is an indirectly wholly owned subsidiary of HSBC Holdings.<br>The Issuer and its subsidiaries form a UK-based group (the " <b>Group</b> "). The Issuer conducts part of its business through its subsidiaries and is accordingly dependent upon those members of the Group.   |
| B.15                          | <b>The Issuer's principal activities:</b>   | 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.  |
| B.16                          | <b>Controlling persons:</b>   | The whole of the issued ordinary and preference share capital of the Issuer is owned indirectly by HSBC Holdings.  |
| B.17                          | <b>Credit ratings:</b>  | The Issuer has been assigned the following long term credit ratings: AA- by Standard & Poor's Credit Market Services Europe Limited (" <b>Standard &amp; Poor's</b> "); Aa3 by Moody's Investors Service Limited (" <b>Moody's</b> "); and AA- by Fitch Ratings Limited (" <b>Fitch</b> ").<br><br>The Notes to be issued have not been rated.   |
| <b>Section C – Securities</b> |   |  |
| C.1                           | <b>Description of type and class of securities:</b>   | <b>Issuance in series:</b><br>Notes will be issued in series (" <b>Series</b> ") which may comprise one or more tranches (" <b>Tranches</b> "). Each Tranche issued under a Series will have identical terms, except that different Tranches may comprise Notes in bearer form (" <b>Bearer Notes</b> "), registered form (" <b>Registered Notes</b> ") or uncertificated registered form (" <b>Uncertificated Registered Notes</b> "). The issue dates and issue prices of different Tranches may also vary.<br><br>The Bearer Notes being issued are Tranche 1 Notes (the " <b>Notes</b> ")<br><br><b>Form of Notes:</b><br><i>Bearer Notes in global form:</i><br>Bearer Notes will initially be issued as temporary global Notes exchangeable for permanent global Notes which are exchangeable for definitive Bearer Notes.<br><br>Bearer Notes will be issued in global note form and deposited with a common depository for Euroclear Bank SA/NV (" <b>Euroclear</b> ") and/or Clearstream Banking, S.A. (" <b>Clearstream, Luxembourg</b> "). Changes in beneficial interests in such Bearer Notes will be recorded as book-entries in the accounts of Euroclear and/or Clearstream, Luxembourg. |

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|     |   | <p><b>Security Identification Numbers:</b></p> <p>The Bearer Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and will be allocated the following Security Identification Numbers :</p> <p>ISIN Code: XS1885553658<br/> Common Code: 188555365<br/> Other identifier/code: Not Applicable<br/> SEDOL: BGRDLF5</p>  |
| C.2 | <b>Currency of the securities issue:</b>  | The settlement currency of the Notes is GBP (the " <b>Settlement Currency</b> ").   |
| C.5 | <b>Description of any restrictions on the free transferability of the securities:</b>             | The Notes are freely transferable. However, there are restrictions on the offer and sale of the Notes and the Issuer and HSBC Bank plc (the " <b>Dealer</b> ") have agreed restrictions on the offer, sale and delivery of the Notes and on distribution of offering materials in the European Economic Area (including the United Kingdom), Guernsey, Isle of Man, Jersey and the United States of America.  |
| C.8 | <b>The rights attaching to the securities, including ranking and limitations to those rights:</b> | <p><b>Status of the Notes:</b> The Notes issued will be direct, unsecured and unsubordinated obligations of the Issuer and will rank equally and without preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (unless preferred by law).</p> <p><b>Interest Payments:</b> The Notes will not be interest-bearing.</p> <p><b>Redemption of the Notes at Maturity:</b> The Notes will be redeemed on their maturity date, unless they are subject to early redemption.</p> <p><b>Early redemption of the Notes:</b> In addition the Notes may be redeemed prior to their stated maturity in the following circumstances:</p> <p><i>For illegality:</i> at the option of the Issuer if the Calculation Agent determines that the performance of the Issuer's obligations has become unlawful or impracticable in whole or in part for any reason.</p> <p><i>For taxation reasons:</i> at the option of the Issuer if the Issuer were required under the terms and conditions of the Notes (the "<b>Conditions</b>") to pay additional amounts in respect of tax.</p> <p><i>For a Preference Share Early Redemption Event:</i> following the receipt by the Issuer or any of its affiliates of a notice from Eukairos Investments Limited (the "<b>Preference Share Issuer</b>") that the relevant series of preference shares issued by the Preference Share Issuer (the "<b>Preference Shares</b>") are to be redeemed early.</p> <p><i>For an Extraordinary Event and/or Additional Disruption Event:</i> at the option of the Issuer if the Calculation Agent determines that a merger event, tender offer or insolvency (each, an "<b>Extraordinary Event</b>") and/or change in law or insolvency filing (each, an "<b>Additional Disruption Event</b>") has occurred in relation to the Preference Shares and/or the Preference Share Issuer.</p> <p><i>For an Event of Default:</i> at the option of the Noteholder in the following circumstances: (i) a continuing default in the repayment of any amount due on the Notes for more than 14 days, provided that the reason for non-payment is not compliance with any fiscal or other law or regulation or court order, or that there is doubt as to the validity of such law, regulation or order in accordance with independent legal advice from advisers which is acceptable to HSBC Bank</p> |

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|     |   | <p>plc, acting in its capacity as principal paying agent (the <b>Principal Paying Agent</b>"); or (ii) the passing of a winding-up order in relation to the Issuer.</p> <p><b>Payments of Principal:</b> Payments of principal in respect of Notes will in all cases be calculated by reference to the percentage change in value of one or more Preference Shares issued by the Preference Share Issuer in respect of the relevant series of Notes. The terms of each series of Preference Shares will be contained in the Articles of Eukairos Investments Limited and the Preference Share terms and conditions relating to such series, which will be annexed to the Final Terms.</p> <p>The redemption price of each class of Preference Shares will be calculated by reference to an index or a basket of indices (the "<b>Underlying</b>"). The Underlying for the Notes is an index.</p> <p><b>Modification and substitution:</b> 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 is made 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 an inconsistency between the Final Terms and the relevant termsheet relating to the Notes. The Notes permit the substitution of the Issuer with an affiliate without the consent of any Noteholders where the Issuer provides an irrevocable guarantee of the affiliate's obligations.</p> <p><b>Meetings of Noteholders:</b> 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><b>No guarantee or security:</b> The Notes are the obligations of the Issuer only and are unsecured.</p> <p><b>Taxation:</b> All payments by the Issuer of any amount in respect of the Notes will be made without deduction of any taxes, duties and other similar charges, including 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, duties and other similar charges, including withholding tax, stamp duty, stamp duty reserve tax and/or similar transfer taxes, payable in respect of the Notes.</p> <p><b>Governing Law:</b> English law.</p> |
| C.9 | <p>The rights attaching to the securities, the nominal interest rate, the date from which interest becomes payable and due dates for interest, where the rate is not fixed a description of the underlying on which it is based, maturity date and arrangements</p> | <p>The Notes will be issued on 14 December 2018 (the "<b>Issue Date</b>") at 100 per cent. of their aggregate principal amount (the "<b>Issue Price</b>"). The Notes will not be interest-bearing.</p> <p><b>Representative of the Noteholders:</b> Not Applicable. There is no representative appointed to act on behalf of the Noteholders.</p>  |



|      |  |  |
|------|--|--|
|      | for amortisation of the loan including repayment procedures, an indication of yield and the name of the representative of debt security holders: |  |
| C.10 | Derivative components in interest payment:   | Not Applicable. The Notes will not be interest-bearing.  |
| C.11 | Listing and trading:   | Application will be made to admit the Notes to the Official List of the United Kingdom Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange plc.  |
| C.15 | Description of how the value of the investment is affected by the value of the underlying instrument:  | <p>The performance of an Underlying determines the redemption price and final value of a series of Preference Shares issued by Eukairos Investments Limited, a company incorporated in England which is independent of the Issuer and whose business consists of the issuance of Preference Shares.</p> <p>The percentage change in the final value of the relevant Preference Share compared to its issue price is then used to calculate the value and return on the Notes.</p> <p><b>As a result, the potential effect of the value of the Underlying on the return on the Notes means that investors may lose some or all of their investment.</b></p> <p>For the avoidance of doubt, the Notes are not backed by or secured on the Preference Shares and, accordingly, only a nominal amount of the Preference Shares may be issued by Eukairos Investments Limited regardless of the principal amount of the Notes issued by the Issuer.</p> <p>In this section, for ease of explanation rather than refer to the Notes being linked to the value of the Preference Share which is in turn linked to the Underlying, the Notes (including the return on the Notes) are described as being linked to the Underlying.</p> <p>The redemption amount of the Notes is linked to the performance of the FTSE® 100 Index ("<b>Index</b>").</p> <p>A Noteholder will be entitled to the following cash amounts in respect of each Note, namely:</p> <ul style="list-style-type: none"> <li>• if the Notes are redeemed on their stated maturity date, a "<b>Final Redemption Amount</b>"; or</li> <li>• as the Notes are "<b>Autocallable Redemption Notes</b>", if the Notes are redeemed prior to their stated maturity in the circumstances described below, an "<b>Early Redemption Amount</b>".</li> </ul> <p>The basis for calculating the Final Redemption Amount is:</p> <p>"<b>Autocallable Redemption Notes</b>". Accordingly, a Noteholder is entitled to an amount per Note equal to the principal amount of the Note multiplied by the following:</p> <p>If Index Performance is equal to or greater than the Final Trigger Level, then 145.50%</p> <p>If Index Performance is less than the Final Trigger Level, and</p> |

- Final Index Level is equal to or greater than the product of the Initial Index Level and the Barrier Level, then 100%
- Final Index Level is less than the product of the Initial Index Level and the Barrier Level, then Index Performance

For the purposes of the above:

**"Barrier Level"** means 60%, being the percentage against which the performance of the Index will be measured in order to determine the Final Redemption Amount.

**"Final Trigger Level"** means 75% being a percentage against which the performance of the Index will be measured in order to determine the Final Redemption Amount.

**"Index Performance"** means in respect of an Index the percentage appreciation or depreciation of level of such Index compared to the initial index level for such Index which is specified in the relevant Final Terms.

**"Initial Index Level"** means in respect of an Index the initial level of such Index on the initial valuation date.

**"Final Index Level"** means in respect of an Index the final level of such Index on the valuation date.

In addition, as the Notes are Autocallable Redemption Notes, they may be redeemed in the following circumstances and Noteholders would then receive an Early Redemption Amount calculated as follows:

If on an Auto-Call Valuation Date, the Index Performance is equal to or greater than the Auto-Call Trigger Level specified below, then the Noteholder would be entitled to a cash amount equal to the principal amount of the Note multiplied by the Auto-Call Trigger Rate, specified below.

For these purposes:

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

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

| Auto-Call Valuation Date* | Auto-Call Trigger Level | Auto-Call Trigger Rate |
|---------------------------|-------------------------|------------------------|
| 29 November 2019          | 100.00%                 | 106.50%                |
| 30 November 2020          | 100.00%                 | 113.00%                |
| 30 November 2021          | 95.00%                  | 119.50%                |
| 30 November 2022          | 95.00%                  | 126.00%                |
| 30 November 2023          | 90.00%                  | 132.50%                |
| 29 November 2024          | 85.00%                  | 139.00%                |

|                                  |   | <p><b>*Provided that</b> if the Auto-Call Valuation Date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day shall be the Auto-Call Valuation Date.</p>  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
|----------------------------------|---|--|----------------------------------|----------------------|--|---|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| C.16                             | <b>Expiration or maturity date of the securities:</b>   | <p>The maturity date of the Notes (the "<b>Maturity Date</b>") is 12 December 2025 (or, if later, the date falling 2 Business Days following the final Valuation Date) (the "<b>stated maturity date</b>"), or, if on any Auto-Call Valuation Date the Index Performance is equal to or greater than the Auto-Call Trigger Level, the relevant date set out in the table below:</p> <table border="1"> <thead> <tr> <th><b>Auto-Call Valuation Date*</b></th> <th><b>Maturity Date</b></th> </tr> </thead> <tbody> <tr> <td></td> <td><i>(or, in each case, if later, the date falling 2 Business Days following the Valuation Date falling immediately after such Auto-Call Valuation Date (the Valuation Date being the 8<sup>th</sup> business day following the relevant Auto-Call Valuation Date))</i></td> </tr> <tr> <td><b>29 November 2019</b></td> <td><b>the 13 December 2019</b></td> </tr> <tr> <td><b>30 November 2020</b></td> <td><b>the 14 December 2020</b></td> </tr> <tr> <td><b>30 November 2021</b></td> <td><b>the 14 December 2021</b></td> </tr> <tr> <td><b>30 November 2022</b></td> <td><b>the 14 December 2022</b></td> </tr> <tr> <td><b>30 November 2023</b></td> <td><b>the 14 December 2023</b></td> </tr> <tr> <td><b>29 November 2024</b></td> <td><b>the 13 December 2024</b></td> </tr> </tbody> </table> <p>* provided that if the Auto-Call Valuation Date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day shall be the Auto-Call Valuation Date.</p> | <b>Auto-Call Valuation Date*</b> | <b>Maturity Date</b> |  | <i>(or, in each case, if later, the date falling 2 Business Days following the Valuation Date falling immediately after such Auto-Call Valuation Date (the Valuation Date being the 8<sup>th</sup> business day following the relevant Auto-Call Valuation Date))</i> | <b>29 November 2019</b> | <b>the 13 December 2019</b> | <b>30 November 2020</b> | <b>the 14 December 2020</b> | <b>30 November 2021</b> | <b>the 14 December 2021</b> | <b>30 November 2022</b> | <b>the 14 December 2022</b> | <b>30 November 2023</b> | <b>the 14 December 2023</b> | <b>29 November 2024</b> | <b>the 13 December 2024</b> |
| <b>Auto-Call Valuation Date*</b> | <b>Maturity Date</b>  |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
|                                  | <i>(or, in each case, if later, the date falling 2 Business Days following the Valuation Date falling immediately after such Auto-Call Valuation Date (the Valuation Date being the 8<sup>th</sup> business day following the relevant Auto-Call Valuation Date))</i> |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| <b>29 November 2019</b>          | <b>the 13 December 2019</b>   |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| <b>30 November 2020</b>          | <b>the 14 December 2020</b>   |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| <b>30 November 2021</b>          | <b>the 14 December 2021</b>   |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| <b>30 November 2022</b>          | <b>the 14 December 2022</b>   |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| <b>30 November 2023</b>          | <b>the 14 December 2023</b>   |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| <b>29 November 2024</b>          | <b>the 13 December 2024</b>   |  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| C.17                             | <b>Settlement procedure:</b>  | All payments to Noteholders will be paid through Euroclear   |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| C.18                             | <b>Return on securities:</b>  | <p>The Notes do not bear interest.</p> <p>The Notes entitle holders to cash payments and do not entitle a Noteholder to physical delivery of Preference Shares.</p> <p>Unless redeemed early, the Notes will be automatically redeemed on the Maturity Date, at which time the Noteholder will be entitled to receive the Final Redemption Amount (if any).</p>  |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |
| C.19                             | <b>Exercise price or final reference price of the underlying:</b>   | <p>The performance of an underlying index or the worst performing index in a basket of indices determines the redemption price of a series of Preference Shares. Such redemption price is used to calculate the final value of such Preference Shares. The percentage change in the final value of the Preference Shares compared to its issue price is then used to calculate the return on the Notes. <b>As a result, the potential effect of the value of the Index or Indices on the return on the Notes means that investors may lose some or all of their investment.</b></p> <p>The calculations which are required to be made to calculate the Final Redemption Amount and any early redemption amount, will be based on the level of the Index or the level of the worst performing of the Indices comprised in a basket of Indices (the "<b>Index Level</b>") determined by the Calculation Agent being HSBC France. The Calculation Agent will determine the Index Level by reference to the level of the relevant Index quoted on a particular exchange or quotation system at a valuation time.</p>   |                                  |                      |  |   |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |                         |                             |

|                          |  |   |
|--------------------------|--|---|
| C.20                     | <b>Type of the underlying:</b>           | <p>The underlying for the Notes is one index, namely the <i>FTSE® 100 Index</i></p> <p>Information on the Index can be found at the websites of <i>Financial Times Limited</i></p> <p>In this section, for ease of explanation rather than refer to the Notes being linked to the value of the Preference Share which is in turn linked to the Index. Notes (including the return on the Notes) are described as being linked to the Index.</p>   |
| <b>Section D – Risks</b> |  |   |
| D.2                      | <b>Key risks specific to the Issuer:</b> | <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><b><i>The UK's withdrawal from the EU may adversely affect the Issuer's operating model and financial results:</i></b></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><b><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></b></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</p> |

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 trend of using trade and investment policies as diplomatic tools may also adversely affect global trade flows.

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.

***Unfavourable legislative or regulatory developments, or changes in the policy of regulators or governments could materially adversely affect the Issuer:***

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.

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.

***The delivery of the Issuer's strategic actions is subject to execution risk:***

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.

***Third parties may use the Issuer as a conduit for illegal activities without the Issuer's knowledge:***

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.

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 Issuer's reputation and could make it subject to fines, sanctions and/or legal enforcement.

***The Issuer may experience adverse changes in the credit quality of the Issuer's borrowers:***

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.

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.

***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:***

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.

***The Issuer's data management policies and processes may not be sufficiently robust:***

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.

***The Issuer is subject to the risk of employee misconduct and non-compliance with regulations and policies:***

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.

***Failure of the Issuer to recruit, retain and develop appropriate senior management and skilled personnel could have a material adverse effect on the Issuer:***

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.

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-authorized 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).

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.

***The Issuer could incur losses or be required to hold additional capital as a result of model limitations or failure:***

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.

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.

***The Issuer may experience periods of reduced liquidity or be unable to raise funds, each of which is essential to the Issuer's businesses:***

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 retail deposits from the Issuer to HSBC UK, may result in funding or capital pressures and liquidity stress for the Issuer.
- 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.



|     |   |   |
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|     |   | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b><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></b></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><b><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></b></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> |
| D.6 | <p><b>Key risks specific to the securities and risk warning to investors:</b></p> | <p><b><i>Credit risk:</i></b> The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts. In addition, the Notes are also subject to the credit risk of the Preference Share Issuer. If the Preference Share Issuer becomes insolvent there could be a risk that the Preference Shares are redeemed worthless and therefore the value of the Notes would become zero as well. In such worst case scenario Noteholders would lose all of their invested amount.</p> <p><b><i>The Notes are unsecured obligations:</i></b> The Notes are not secured over any asset. Therefore, the Noteholder would not be able to enforce security as a method of recouping payments due under the Notes if the Issuer were to become insolvent and cease to be able to pay such amounts.</p> <p><b><i>The Notes are not ordinary debt securities:</i></b> The Notes do not pay interest, and, upon redemption, either the Notes may return less than the amount invested or nothing.</p> <p><b><i>No ownership rights:</i></b> The Notes do not confer any legal or beneficial interest or any voting or dividend rights in the Preference Shares or the securities underlying the Index or Indices.</p> <p><b><i>There may be no active trading market or secondary market for liquidity for Notes:</i></b> Any Series of Notes may not be widely distributed and there may not be</p>   |

an active trading market, nor is there assurance as to the development of an active trading market. If there is no liquid market, Noteholders may not be able to realise their investment in the Notes until maturity of such Notes or may not realise a return that equals or exceeds the purchase price of their Notes.

***Illegality or changes in tax law may cause the Issuer's obligations under the Notes to be redeemed early:*** If the Calculation Agent determines the performance of the Issuer's obligations under any Notes shall have become unlawful or impracticable, or if the Issuer determines that it has become liable for, or payments under the Notes have become subject to, any taxes, the Issuer may redeem the Notes and pay a sum determined by reference to the value of the Preference Shares at the time of such redemption. As a result, Noteholders will forgo any future appreciation in the underlying Index or Indices and may suffer a loss of some or all of their investments.

***Considerations regarding hedging:*** The value of the Notes may not exactly correlate with the value of the Index or Indices to which the Notes relate.

***Applicable Bank Resolution Powers:*** 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. 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 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.

***Taxation:*** All payments under the Notes will be made without deduction of United Kingdom taxes, duties or other similar charges unless otherwise required. Noteholders should therefore be aware that they may be subject to taxes, duties or other similar charges in respect of transactions involving Notes depending, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.

***Capital risks relating to Notes:*** The Notes are not principal protected and accordingly the repayment of any amount invested in Notes and any return on investment is not guaranteed. As a result the investors' capital can fall below the amount initially invested. Unlike a savings account or similar investment, an investment in the Notes is not covered by the UK Financial Services Compensation Scheme.

***Certain factors affecting the value and trading price of Notes:*** Amounts payable under the Notes may be affected by fluctuations in the value of an Index or securities underlying an Index, changes in interest rates, time remaining to redemption and dividend rates on the securities underlying an Index.

***Conflicts of interest may arise between the Issuer or its affiliates and the Noteholders:*** The Issuer or its affiliates may enter into hedging or other transactions (i) relating to an Index or to securities underlying an Index or (ii) with issuers of securities underlying an Index. The Issuer or its affiliates may also publish research or other reports relating to Indices or securities underlying an Index. Any such activities may have a positive or negative effect on the value of Notes relating to such Indices. In addition, the Issuer may assume roles as

hedging counterparty or calculation agent under the Notes. In respect of any of these roles the Issuer may have interests that conflict with the interests of Noteholders.

Furthermore, HSBC Bank plc or HSBC France is the calculation agent in respect of the Notes and also acts as calculation agent in respect of the Preference Shares. As a result of this relationship, potential conflicts of interest may arise for HSBC Bank plc and HSBC France in acting in their respective capacities. HSBC France or HSBC Bank plc may contract with the Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to the Preference Share Issuer or the Preference Shares. In respect of any of these roles HSBC Bank plc and HSBC France may have interests that conflict with the interests of Noteholders.

**Calculation Agent's discretion and valuations:** Calculation of amounts payable in respect of redemption of the Notes may be made by reference to levels published on exchanges or other quotation systems and, in the absence of such display, at an amount determined by the Calculation Agent 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 adjustments which may be made under the Notes which may be difficult to verify without expertise in valuation models.

**Commission and cost of hedging:** The Issue Price of the Notes may include the distribution commission or fee charged by Issuer and/or its affiliates and the cost or expected costs of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue the price of Notes in the secondary market would be lower than the original Issue Price of the Notes.

**Exchange rate risks:** The Issuer will pay amounts in respect of the Notes in the Settlement Currency. Where the Settlement Currency is not the same as the Noteholder's preferred currency, the realisable value of the investment in the Noteholder's preferred currency may be at risk from fluctuations in the exchange rate.

**Extraordinary Event:** If the Calculation Agent determines that a Merger Event (as defined in the Conditions) or Tender Offer (as defined in the Conditions) has occurred in relation to the Preference Shares or Insolvency (as defined in the Conditions) has occurred in relation to the Company, the Issuer may elect to redeem the Notes. If the Issuer elects to redeem the Notes, Noteholders may suffer a loss of some or all of their investments.

**Market Disruption Events and Additional Disruption Events:** A change in law or an insolvency filing in relation to the Preference Share Issuer may cause the Notes to be redeemed early and may have an adverse effect on the value of such Notes. As a result, Noteholders may suffer a loss of some or all of their investments.

The value of the Notes is determined by reference to the performance of Preference Shares and any early redemption of the Preference Shares will result in the Notes being redeemed early. Therefore, in the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange ("**Market Disruption Events**") or a change in laws, hedging disruption or an increased cost of hedging ("**Additional Disruption Events**") or in case of an index cancellation or modification or disruption in the publication of the index (each, an "**Index Adjustment Event**"), postponement or adjustment of valuations (in the case of a Market Disruption Event) or adjustment of terms or redemption of the Preference Shares (in case of an Additional Disruption Event or Index Adjustment Event in respect of such Preference Shares) may have an adverse effect on the value of such Notes. As a result, Noteholders may suffer a loss of some or all of their investments.

**Preference Share Early Redemption Event:** If the Preference Shares are redeemed early, the Issuer shall redeem all of the Notes. Accordingly, if the

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|                          |  | <p>Notes are redeemed prior to the maturity date, the Noteholders may suffer a loss of some or all of their investment and will forego any future appreciation in the relevant Index or Indices that may occur following such redemption.</p> <p><b>Benchmarks Reform:</b> 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 "<b>Benchmarks Regulation</b>")) 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. Any such consequence could have a material adverse effect on any Notes which reference Preference Shares 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 which reference Preference Shares 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 Preference Shares, the occurrence of such a circumstance may lead to such benchmark being deemed replaced with an alternative benchmark selected by the calculation agent in respect of the Preference Shares (or any Alternative Pre-nominated Index specified in the terms and conditions of the Preference Shares), adjustment to the terms and conditions of the Preference Shares, early redemption, discretionary valuation by the calculation agent in respect of the Preference Shares and, delisting or other consequences in relation to Notes which reference Preference Shares 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 Preference Shares, could lead to adjustments to the terms of the Preference Shares, including determination by the calculation agent of the Preference Shares of the rate or level in its discretion. Any of the above consequences could have a material adverse effect on the value of and return on any Notes which reference Preference Shares linked to a "benchmark" index.</p> <p><b>Investors may lose the value of their entire investment or part of it, as the case may be.</b></p> |
| <b>Section E – Offer</b> |  |   |
| E.2b                     | <b>Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks:</b> | The net proceeds from each issue of Notes will be used by the Issuer for profit making or risk hedging purposes.  |
| E.3                      | <b>Description of the terms and conditions of the offer:</b>   | <p>An investor intending to acquire or acquiring Notes from an offeror authorised by the Issuer, will do so, and the offer and sale of Notes to an investor by such Authorised Offeror will be made, in accordance with arrangements agreed between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements.</p> <p>Offer Price: <span style="float: right;">Issue Price</span></p>  |

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|  |  | <p>Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer:</p> <p>The time period, including any possible amendments, during which the offer will be open:</p> <p>Conditions to which the offer is subject:</p> <p>Description of the application process:</p> | <p>Up to GBP 25,000,000 Notes will be issued and the criterion/condition for determining the final amount of securities will be investor demand.</p> <p>A copy of the Final Terms will be filed with the Financial Conduct Authority in the UK (the "FCA"). On or before the Issue Date, a notice pursuant to UK Prospectus Rule 2.3.2(2) of the final aggregate principal amount of the Notes will be (i) filed with the FCA and (ii) published in accordance with the method of publication set out in Prospectus Rule 3.2.4(2).</p> <p>The offer period for the Notes will commence on and include 08 October 2018 and end on but exclude 30 November 2018</p> <p>The Issuer may close the Offer Period prior to 30 November 2018 if the Notes are fully subscribed before such date.</p> <p>A prospective investor should contact the Initial Authorised Offerors during the Offer Period. A prospective investor will subscribe for the Notes in accordance with the arrangements existing between the Initial Authorised Offerors and its</p> |
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|  |  | <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</p> <p>Details of the minimum and/or maximum amount of application:</p> <p>Details of the method and time limits for paying up the securities and delivering of the securities:</p> <p>Manner in and date on which results of the offer are to be made public:</p> | <p>customer relating to the subscription of securities generally and not directly with the Issuer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than the United Kingdom wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> <p>Not Applicable</p> <p>The application must be for a minimum of GBP 1,000</p> <p>Prospective Noteholders will be notified by Meteor Asset Management Ltd of their allocations of Notes and the settlement arrangements in respect thereof. The Notes will be issued on the Issue Date on a delivery against payment basis.</p> <p>The final size of the offer will be known at the end of the offer period. A copy of the Final Terms will be filed with the Financial Conduct Authority in the UK (the "FCA"). On or before the Issue Date, a notice pursuant to UK Prospectus Rule 2.3.2(2) of the final</p> |
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|     |  | <p>aggregate principal amount of the Notes will be (i) filed with the FCA and (ii) published in accordance with the method of publication set out in Prospectus Rule 3.2.4(2).</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: Not Applicable</p> <p>Whether tranche(s) have been reserved for certain countries: Not Applicable</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: At the end of the Offer Period, Meteor Asset Management Ltd will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes.</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: Not Applicable</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: The Notes are to be offered to the public in the Public Offer Jurisdiction by the Initial Authorised Offerors.</p> <p><i>Meteor Asset Management Ltd:</i><br/>55 King William Street, London EC4R 9AD</p> <p><i>HSBC Bank plc:</i> 8 Canada Square, London E14 5HQ</p> <p>Name and address of any paying agents and depositary agents in each country: HSBC Bank plc 8 Canada Square, London E14 5HQ</p> <p>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</p> |
| E.4 | <b>Description of any interests material to the issue/offer,</b> | The Issuer or its affiliates may engage in hedging or other transactions involving the relevant Index which may have a positive or negative effect on the value of such Index and therefore on the value of any Notes to which they relate. Certain affiliates of the Issuer may also be the counterparty to the hedge of the Issuer's  |

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|     | <p><b>including conflicting interests:</b></p>   | <p>obligations under an issue of Notes and the Calculation Agent is responsible for making determinations and calculations in connection with the Notes acting in good faith and a commercially reasonable manner. The Issuer or its affiliates may from time to time advise the issuer or obligors of securities underlying, or publish research reports relating to, the Index. The views or advice may have a positive or negative effect on the value of the Index and may be inconsistent with purchasing or holding the Notes relating to the Index.</p> <p>Furthermore, HSBC Bank plc or HSBC France is the calculation agent in respect of Notes and also acts as calculation agent in respect of the Preference Shares. As a result of this relationship, potential conflicts of interest may arise for HSBC Bank plc and HSBC France in acting in their respective capacities.</p> <p>The Notes may be on-sold by the Dealer(s) to the Initial Authorised Offerors at a discount to the Issue Price of up to 3%. Such discount will be retained by the Initial Authorised Offerors.</p> <p>Save as disclosed above no, person involved in the offer of the Notes has, so far as the Issuer is aware, an interest material to the offer.</p> |
| E.7 | <p><b>Estimated expenses charged to the investor by the Issuer or the offeror:</b></p> | <p>Expenses in respect of the Notes are not charged directly by the Issuer to the Noteholder</p>  |