

PRICING SUPPLEMENT

Pricing Supplement dated 24 July 2023

HSBC Continental Europe

Programme for the Issuance of Notes and Warrants

Issue of

30,000 Index-Linked Notes due July 2026 linked to HSBC MacroEconomic Treasury Yield Spread Net Volatility Budgeted Index

PART A - CONTRACTUAL TERMS

This document constitutes the pricing supplement (the "**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein for the purposes of listing on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and must be read in conjunction with the offering memorandum dated 1 June 2023 as supplemented from time to time (the "**Offering Memorandum**") which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes, including the Terms and Conditions of the Equity-Linked Notes, and Index-Linked Notes and Inflation Rate-Linked Notes (the "**Conditions**") set forth in the Offering Memorandum. The Alternative Note General Conditions do not apply.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing at HSBC Continental Europe, 38, avenue Kléber, 75116, Paris, France and www.about.hsbc.fr/investor-relations/debt-issuance.

The Offering Memorandum does not comprise (i) a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA") (the "UK Prospectus Regulation") or (ii) a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "EU Prospectus Regulation"). The Offering Memorandum has been prepared solely with regard to Notes that are not to be admitted to listing or trading on any regulated market for the purposes of Directive 2014/65/EU (as amended, "MiFID II") or Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR") and not to be offered to the public in the United Kingdom (the "UK") (other than pursuant to one or more of the exemptions set out in Section 86 of the Financial Services and Markets Act 2000 (as amended, the "FSMA")) or a Member State of the European Economic Area (other than pursuant to one or more of the exemptions set out in Article 1(4) of the EU Prospectus Regulation).

EU PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended,

the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION - PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive 2016/97/EU, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation

PROHIBITION OF SALES TO SWISS PRIVATE CLIENTS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to investors that qualify as private (retail) clients according to Article 4 para. 2 Swiss Financial Services Act ("**FinSA**") and its implementing ordinance, the Swiss Federal Financial Services Ordinance ("**FinSO**"). Consequently, no key information document (or equivalent document) required by FinSA has been prepared and therefore offering or selling the Notes or otherwise making them available to any private (retail) client in, into or from Switzerland may be unlawful under FinSA.

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

1.	Issuer	HSBC Continental Europe
2.	Tranche number:	1
3.	Currency:	
	(i) Settlement Currency:	euro (" EUR ")
	(ii) Denomination Currency:	EUR
4.	Aggregate Principal Amount:	
	(i) Series:	30,000 Notes
	(ii) Tranche:	30,000 Notes
5.	Issue Price:	EUR 165 per Note
6.	(i) Denomination(s):	EUR 1,000
	<i>(Condition 2)</i>	
	(ii) Calculation Amount:	The Denomination
	(iii) Aggregate Outstanding Notional Amount Rounding:	Not applicable
7.	(i) Issue Date:	24 July 2023
	(ii) Interest Commencement Date:	Not applicable
	(iii) Trade Date:	22 June 2023
8.	Maturity Date:	22 July 2026, adjusted in accordance with the Following
	<i>(Condition 7(a))</i>	Business Day Convention
9.	Change of interest or redemption basis:	Not applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

10.	Fixed Rate Note provisions:	Not applicable
	<i>(Condition 4)</i>	
11.	Floating Rate Note provisions:	Not applicable
	<i>(Condition 5)</i>	
12.	Zero Coupon Note provisions:	Not applicable
	<i>(Condition 6)</i>	
13.	Equity /Index-Linked Interest Note and other variable-linked interest Note provisions:	Not applicable

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|---|---|
| 14. | Issuer's optional redemption (Call Option):
(Condition 7(c)) | Not applicable |
| 15. | Noteholder's optional redemption (Put Option):
(Condition 7(d)) | Not applicable |
| 16. | Final Redemption Amount of each Note:
(Condition 7(a)) | See paragraph 17(ii) below |
| 17. | Final Redemption Amount of each Note in cases where the Final Redemption Amount is Equity-Linked, Index-Linked, Inflation Rate Linked or other variable-linked: | Applicable |
| | (i) Index/formula/other variable: | The Index as defined in paragraph 31(i) |
| | (ii) Provisions for determining Final Redemption Amount where calculated by reference to Equity/Index and/or formula and/or other variable: | Unless previously redeemed or purchased and cancelled, the Issuer shall redeem the Notes on the Maturity Date at an amount in respect of each Note (of the Calculation Amount) in the Settlement Currency determined by the Calculation Agent in accordance with the following formula: |

$$\text{Calculation Amount} \times \text{Max} (0; \text{Perf}_{\text{final}} - \text{Strike})$$

Where:

"**Perf_{final}**" means, with respect to the Final Valuation Date and each Averaging Date, the performance (expressed as a percentage) of the Index be determined by the Calculation Agent in accordance with the following formula:

$$\frac{S_{\text{final}}}{S_{\text{average}}}$$

"**S_{average}**" means, in respect of the Index and the Averaging Dates, the the Initial Index Level (as defined in paragraph 31(vi) below).

"**S_{final}**" means, in respect of the Index and the Final Valuation Date, the Final Index Level (as defined in paragraph 31(vii) below).

"**Strike**" means 90.00 per cent.

	(iii) Provisions for determining Final Redemption Amount where calculation by reference to Equity/Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted:	See adjustment provisions specified in paragraphs 31(x) and 31(xii)
	(iv) Minimum Final Redemption Amount:	Not applicable
	(v) Maximum Final Redemption Amount:	Not applicable
18.	Instalment Notes: (<i>Condition 7(a)</i>)	Not applicable
19.	Early Redemption:	Applicable
	(i) Early Redemption Amount (upon redemption for taxation reasons or illegality): (<i>Conditions 7(b) or 7(f)</i>)	Fair Market Value
	(ii) Early Redemption Amount (upon redemption following an Event of Default): (<i>Condition 11</i>)	Fair Market Value
	(iii) Early Redemption Amount (upon redemption following an FX Disruption Event or Benchmark Trigger Event): (<i>Condition 9(f)(Y) or 15A</i>)	Fair Market Value
	(iv) Other redemption provisions:	Not applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20.	Form of Notes: (<i>Condition 2</i>)	Bearer Dematerialised Notes
21.	Issued under the new safekeeping structure:	Not applicable
22.	If issued in bearer form:	Not applicable
23.	Exchange Date for exchange of Temporary Global Note:	Not applicable
24.	If issued in registered form (other than Uncertificated Registered Notes):	Not applicable
25.	Payments: (<i>Condition 9</i>)	

	(i) Relevant Financial Centre Day:	Euro Business Day
	(ii) Payment of Alternative Payment Currency Equivalent:	Not applicable
	(iii) Conversion provisions:	Not applicable
	(iv) Underlying Currency Pair provisions:	Not applicable
	(v) Price Source Disruption:	Not applicable
	(vi) LBMA Physical Settlement Provisions:	Not applicable
	(vii) Physical Settlement Provisions:	Not applicable
26.	Redenomination: (Condition 10)	Not applicable
27.	Other terms:	The Business Centre for the purposes of the definition of "Business Day" is: Euro Business Day

PROVISIONS APPLICABLE TO INDEX-LINKED NOTES AND EQUITY-LINKED NOTES

28.	Physical Delivery:	Not applicable
29.	Provisions for Equity-Linked Notes:	Not applicable
30.	Additional provisions for Equity-Linked Notes:	Not applicable
31.	Provisions for Index-Linked Notes:	Applicable
	(i) Index:	HSBC Macroeconomic Treasury Yield Spread Net Volatility Budgeted Index (Bloomberg Ticker: HSMETYSN)
	(ii) Index Sponsor:	IHS Markit Benchmark Administration Ltd
	(iii) Index Rules:	Applicable
	(iv) Exchange(s):	Chicago Board of Trade (or any successor exchange on which 2 Year Treasury Futures and 10 Year Treasury Futures are traded)
	(v) Related Exchange(s):	All Exchanges
	(vi) Initial Index Level:	With respect to the Index and the Averaging Dates, the arithmetic average as determined by the Calculation Agent (rounded up to four decimal places (with 0.00005 being rounded up)) of the Reference Levels on such Averaging Dates

	(vii) Final Index Level:	With respect to the Index and the Final Valuation Date, the official closing level of such Index on such Final Valuation Date as calculated and published by the Index Sponsor
	(viii) Strike Date:	Not applicable
	(ix) Reference Level:	In respect of the Index and an Averaging Date, the official closing level of such Index on such Averaging Date as calculated and published by the Index Sponsor
	(x) Adjustments to Indices:	Condition 22(f) applies
	(xi) China Connect Underlying	No
	(xii) Additional Disruption Event:	The following Additional Disruption Events apply: Change in Law, Hedging Disruption and Increased Cost of Hedging
	(xiii) Index Substitution:	Not applicable
	(xiv) Alternative Pre-nominated Index:	Not applicable
32.	Valuation Date(s):	23 June 2026, subject to postponement in accordance with Condition 22(e) (the " Final Valuation Date ")
	• Specified Maximum Number of Disrupted Days:	The definition in Condition 22(a) applies
	• Number of local banking days for the purpose of postponing Disrupted Day Related Payment Dates pursuant to Condition 22(e):	3
33.	Valuation Time:	The definition in Condition 22(a) applies
34.	Averaging Dates:	23 June 2023, 30 June 2023, 7 July 2023, 17 July 2023 and 24 July 2023
	(i) Averaging Date Market Disruption:	Postponement
35.	Other terms or special conditions relating to Index-Linked Notes or Equity-Linked Notes:	Not applicable
36.	Masse (Condition 15 of Part B3 – Terms and Conditions of the Notes issued by HBCE):	Condition 15 applies
	(i) Representative:	DIIS Group, 12 rue Vivienne, 75002 Paris
	(ii) Alternative Representative:	Not applicable
	(iii) Remuneration of Representative:	EUR 150 (exclusive of VAT) per year

DISTRIBUTION

- | | | |
|-----|--|---|
| 37. | (i) If syndicated, names of Relevant Dealer(s): | Not applicable |
| | (ii) If syndicated, names of other Dealers (if any): | Not applicable |
| 38. | Prohibition of Sales to EEA Retail Investors: | Applicable |
| 39. | Prohibition of Sales to UK Retail Investors: | Applicable |
| 40. | Selling restrictions: | TEFRA Not applicable |
| | United States of America: | Notes may not be offered or sold within the United States of America or to, or for the account or the benefit of, a U.S. Person (as defined in Regulation S)
40-day Distribution Compliance Period: Not applicable |
| 41. | Exemption(s) from requirements under Regulation (EU) 2017/1129 (as amended, the " EU Prospectus Regulation "): | The offer is addressed solely to qualified investors (as such term is defined in the EU Prospectus Regulation). |
| 42. | Exemption(s) from requirements under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the " UK Prospectus Regulation "): | The offer is addressed solely to qualified investors (as such term is defined in the UK Prospectus Regulation). |
| 43. | Additional U.S. federal income tax considerations: | The Notes are not Section 871(m) Notes for the purpose of Section 871(m). |
| 44. | Additional selling restrictions: | Not applicable |

CONFIRMED

HSBC CONTINENTAL EUROPE



Yonathan EBGUY
Deputy Head of Markets & Securities Services
HSBC Continental Europe

By:

Authorised Signatory

Date:

Paris 24th July 2023

PART B - OTHER INFORMATION

1. LISTING

- (i) Listing: Application will be made to admit the Notes to listing on the Official List of Euronext Dublin. 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 Global Exchange Market with effect from the Issue Date. No assurance can be given as to whether or not, or when, such application will be granted.
- (iii) Estimated total expenses of EUR 1,000 admission to trading:

2. RATINGS

Ratings: The Notes are not rated

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable and/or discount to the Issue Price offered to the Dealer(s)/distributors in respect of the Notes as of (or around) the Issue Date (the "**Distributors**"), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. The Dealer(s)/Distributor(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.

4. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

The Index is the HSBC MacroEconomic Treasury Yield Spread Net Volatility Budgeted Index (Bloomberg Ticker: HSMETYSN). Information on the index is available at: <https://indices.gbm.hsbc.com/indices/HSMETYSN>

Investment Objective HSBC MacroEconomic Treasury Yield Spread Net Volatility Budgeted Index aims to provide notional investors with an exposure to US Treasury yield curve positions on a dynamic basis through differing economic cycles.

Strategy Mechanism The financial market generally anticipates a steepening yield curve during low levels of economic activity and a flattening yield curve during high levels of economic activity. HSBC MacroEconomic Treasury Yield Spread Net Volatility Budgeted Index invests in curve steepening or flattening positions by systematically taking notional opposing positions in 2 year US Treasury Futures and 10 year US Treasury Futures pursuant to the rule based methodology set out in the Index Description.

In this way, the HSBC MacroEconomic Treasury Yield Spread Net Volatility Budgeted Index aims to benefit from changes in the difference between the implied interest rates of 2 year US Treasury Futures and 10 year US Treasury Futures, adjusted according to a volatility target methodology and incorporating an index adjustment factor to reflect net of costs performance.

The HSBC MacroEconomic Treasury Yield Spread Net Volatility Budgeted Index applies 3 macro indicators, which aim to assess the level of US economic activity.

The notional 2 year and 10 year positions are duration neutral at beginning of each trading period so that the index only takes into account the return coming from steepening and flattening of the curve but not parallel shift of the yield curve (unlike a bond which is often negatively impacted during rising in rates).

OPERATIONAL INFORMATION

5.	ISIN Code:	FR001400IYP0
6.	Common Code:	264436842
7.	CUSIP:	Not applicable
8.	Valoren Number:	54667032
9.	SEDOL:	Not applicable
10.	WKN:	A3G6XX
11.	Other identifier / code:	Not applicable
12.	Intended to be held in a manner which would allow Eurosystem eligibility:	Not applicable

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|-----|--|--------------------------|
| 13. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Euroclear France |
| 14. | Central Depository: | Euroclear France |
| 15. | Delivery: | Delivery against payment |
| 16. | Settlement procedures: | Medium Term Note |
| 17. | Additional Paying Agent(s) (if any): | None |
| 18. | Common Depository: | Not applicable |
| 19. | Calculation Agent: | HSBC Bank plc |
| 20. | ERISA Considerations: | ERISA prohibited |

ANNEX 1

(This annex forms part of the Pricing Supplement to which it is attached)

INDEX DISCLAIMER

The HSBC Macroeconomic Treasury Yield Spread Net Volatility Budgeted Index (the "**Index**") referenced herein is the property of HSBC Bank plc ("**Index Owner**") and the Index is administered by IHS Markit Benchmark Administration Ltd ("**Index Administrator**") and has been licensed for use in connection with the product. Each user and party acknowledges and agrees that the Index is not supported, endorsed or promoted by the Index Administrator. The Index Administrator makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Administrator shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Administrator is under no obligation to advise the parties or any person of any error therein.

The Index Administrator makes no representation whatsoever, whether express or implied, as to the advisability of, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Administrator has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party, nor the Index Administrator, shall have any liability to any party for any act or failure to act by the Index Administrator in connection with the determination, adjustment, calculation or maintenance of the Index.

ANNEX 2

(This annex forms part of the Pricing Supplement to which it is attached)

RISK FACTORS

Prior to making an investment decision in respect of any Linked Product (as defined below), prospective investors should consider carefully all of the information set out herein, the Index Description (as defined below) and the offering documents relating to the Linked Product. This document is intended to describe various risk factors which HSBC Bank plc ("**HSBC**") believes represent the principal risks associated with any securities issues, derivative transactions or other financial product the return of which is linked to, or otherwise determined by reference to, the HSBC Macroeconomic Treasury Yield Spread Net Volatility Budgeted Index ("**METYS**" or the "**Index**") (each such issue, transaction or product, a "**Linked Product**"). There may be other risks and considerations not set out below that prospective investors in a Linked Product should consider that are relevant either to their particular circumstances or more generally, whether arising from market factors or otherwise. In particular, other risks may exist in relation to the Linked Product itself. Each prospective investor in a Linked Product should make their own investigations and form their own views as to the appropriateness or otherwise of the Index taking into account their own circumstances.

Terms not otherwise defined herein shall have the meaning given to them in the index guidelines in respect of the Index, available from the Index Administrator on request (as may be amended and updated from time to time, the "**Index Description**").

1. General Risk Factors Relating to METYS

1.1 Index Administration and Calculation:

The Index referenced herein is the property of HSBC Bank plc ("**Index Owner**") and the Index is administered by IHS Markit Benchmark Administration Ltd. ("**Index Administrator**") and has been licensed for use in connection with the Linked Products. Holders of, or investors in, Linked Products acknowledge and agree that the Index is not supported, endorsed or promoted by the Index Administrator. The Index Administrator makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Administrator shall not be liable (whether in negligence or otherwise) to the Holders of, or investors in, Linked Products or any other person for any error in the Index, and the Index Administrator is under no obligation to advise the Holders of, or investors in, Linked Products or any person of any error therein.

The Index Administrator makes no representation whatsoever, whether express or implied, as to the advisability of, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Administrator has no obligation to take the needs of any Holders of, or investors

in, Linked Products into consideration in determining, composing or calculating the Index. Neither the Index Owner nor the Index Administrator shall have any liability to any Holders of, or investors in, Linked Products for any act or failure to act by the Index Administrator in connection with the determination, adjustment, calculation or maintenance of the Index."

The Index Sponsor is IHS Markit Benchmark Administration Ltd. (the "**Index Sponsor**") and the Index has been licensed for use in connection with the Linked Products. The Index Sponsor makes no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. Subject to applicable law, the Index Sponsor shall not be liable (whether in negligence or otherwise) to any Holders of, or investors in, the Linked Products in respect of any Series of Notes linked (or equivalent Linked Product) to the Index for any error in the Index and the Index Sponsor is under no obligation to advise any Holders of, or investors in, Linked Products in respect of a Series of Notes (or equivalent Linked Product) linked to the Index of any error therein. The Index Sponsor does not make any representation whatsoever, whether express or implied, as to the advisability of purchasing, or assuming any risk in connection with, any Linked Product. Neither the Index Owner nor the Index Sponsor shall have any liability to the Holders of, or investors in, Linked Products for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. The Index Owner has no affiliation with, or control over, the Index Sponsor or any control over the computation, composition or dissemination of the Index from publicly available sources it believes reliable. The Index Owner will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Owner, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

The Index Administrator has in its sole discretion, the authority to determine whether certain events affecting the Index have occurred including, but not limited to, events affecting the Index components.

1.2 Determinations by the Index Administrator:

Potential investors in any Linked Product(s) need to be aware that any determination or calculation made by the Index Administrator may affect the level of the Index and, as appropriate, the performance of any Linked Product. The Index Administrator has no obligation to consider the interests of investors in any such instruments when making any determination or calculation. Such discretion in the decisions taken by the Index Administrator (in the absence of manifest or proven error) are binding on all investors and holders of such instruments.

1.3 HSBC and HSBC Group:

No Liability of HSBC or HSBC Group. Notwithstanding any other provision within the Index Description, and subject as provided by any applicable law or regulation, in no event shall HSBC and/or any of its affiliates (the "**HSBC Group**") acting in any capacity in respect of the Index, be liable (whether directly or indirectly, in contract, tort or otherwise) for any loss incurred by any person that arises out of or in connection with the Index, including in relation to the performance of HSBC or any other entity within the HSBC Group of any part of its respective role under the Index.

No disclosure of information. The HSBC Group may be in possession at any time of information in relation to Index Components which may not be available to investors in Linked Products. There is no obligation on any member of the HSBC Group to disclose to such investors any such information.

Conflict of interests. Entities within the HSBC Group may from time to time engage in transactions involving the Index Components for their own account and/or for the account of their clients and may act as market-maker for such Index Components. Such activities may not be for the benefit of investors in Linked Products and may have an effect on the level of the Index and, consequently, on the value and performance of any Linked Product. In addition, entities within the HSBC Group may from time to time act in other capacities such as the issuer of investments or the advisor.

HSBC Group entities also may issue, hold or enter into financial instruments and/or enter into derivative contracts in respect of the Index Components and the use of such instruments and/or derivatives may affect the level of the Index and/or the Index Components. HSBC Group entities may, but are not obliged to, enter into hedging transactions in respect of the Index Components in order to meet obligations in respect of any Linked Product or for any other purpose which may affect the value of such Index Components, the Index itself or of any Linked Product. Where a member or members of the HSBC Group enters into such hedging transactions, they will have certain rights pursuant to such hedging transactions and/or in relation to any transactions that have given them exposure to Index Components and will pursue actions and take steps they deem appropriate or necessary to protect their own interests.

Additionally, the unwinding of such hedging transactions may affect the level of such Index Components, which in turn may affect the level of the Index and/or any Linked Product. HSBC Group entities may make gains and/or losses from such hedging activity. In acting in any of these capacities, subject as provided by any applicable law or regulation, no member of the HSBC Group is obliged to take into account the interests of any person including (but not limited to) investors in Linked Products.

1.3 Index Performance:

METYS Overview. METYS aims to provide notional investors with an exposure to US Treasury yield curve positions on a dynamic basis through differing economic cycles.

The financial market generally anticipates a steepening yield curve during low levels of economic activity and a flattening yield curve during high levels of economic activity. METYS invests in curve steepening or flattening positions by systematically taking notional opposing positions in 2 year US Treasury Futures and 10 year US Treasury Futures (in these risk factors, "**Futures Contracts**", the "**Index Components**" and the "**Portfolio**") pursuant to the rule based methodology set out in the Index Description.

In this way, the METYS index aims to benefit from changes in the difference between the implied interest rates of 2 year US Treasury Futures and 10 year US Treasury Futures, adjusted according to a volatility target methodology and incorporating an index adjustment factor to reflect net of costs performance.

METYS applies 3 macro indicators, which aim to assess the level of US economic activity.

The notional 2 year and 10 year positions are duration neutral at beginning of each trading period so that the index only takes into account the return coming from steepening and flattening of the curve but not parallel shift of the yield curve (unlike a bond which is often negatively impacted during rising in rates).

METYS performance is subject to fluctuations. The Index is a notional, rules-based index comprising the Portfolio. The level of the Index is dependent on the performance of such Portfolio. Each Index Component in the Portfolio may increase or decrease in value. Neither the Index nor any of the Index Components includes any element of capital protection or guaranteed return. The value of any Index Component, or the level of the Index itself, may fall below its initial value.

The methodology of the Index described in the Index Description was developed based on historical data and conditions and there are no assurances that the methodology will generate positive performance in the future. The performance of the Index is dependent on many factors, including, but not limited to, developments and trends in the markets with respect to the Index Components.

The performance of the Index can go up as well as down, and can register significant losses, including in some cases that the Index falls to zero or even to below zero, if applicable. Any past performance of the Index (actual or simulated) is not an indication of its future performance.

Investors in the Index could lose their entire investment. If a floor is not specified in respect of the Index or an Index Component, then the level of the Index or an Index Component may fall below zero and have a negative value. In such circumstances, a Linked Product linked to a "long" Index may incur losses which exceed the notional value of investors' initial investment.

If a floor is specified in respect of the Index or an Index Component, then the level of the Index or an Index Component shall not fall below zero. If the level of the Index or an Index Component falls to zero, unless otherwise specified in the Index Description, such value will remain at zero and any Linked Product that is linked solely to such Index may lose all of its value, in which case there will be no chance of an investor recovering its investment in such circumstances.

Changes in market structure and/or increased investment in similar products may negatively affect the level of the Index. As a result of changes in market structure and/or due to increased investment in products using the same or similar investment rationale to that of the Index or any Index Component, the underlying market or economic characteristics that the Index or an Index Component attempts to capture, measure or replicate may change, cease to exist, and/or lead to negative expected returns over any time period. This may have a negative impact on the level of the Index and the Index may not be adjusted to take account of any such changes.

The Index is not an investment in the Index Components. The Index is calculated as a "notional" index, which means that the Index is calculated by reference to the value of each Index Component. However, the strategy embedded in the Index means that any return might be higher or lower than the aggregate performance of the Index Components.

An investment in an Index may be subject to leverage, which may increase the risk in such investment. The Index's absolute overall exposure to the Index Components may be greater or less than 100%. If the sum of the absolute weights of the Index Components is greater than 100%, the Index may employ leverage. Leverage means that an Index will have increased exposure to changes, which may be positive or negative, in the level of the Index Components, magnifying the volatility and risk. The performance of the Index will be adversely affected should the value of "long" Index Components decrease and/or the value of "short" Index Components increase (as the case may be). If the sum of the absolute weights of the Index Components is less than 100%, the Index will have a reduced participation to the Index Components and may underperform as compared to an index where the exposure was greater.

Correlation of the Index Components. Correlation of the Index Components indicates the level of interdependence among the individual Index Components with respect to their performance. For example, if all of the Index Components (or the constituent assets of such Index Components) originate from the same sector and the same country or region, a high positive correlation may generally be assumed. Past rates of correlation of the Index Components may not be determinative of future rates of

correlation. Prospective investors should be aware that, although Index Components may not appear to be correlated based on past performance, it may be that they suffer the same adverse performance following a general downturn or other economic and/or political event(s). Where the Index Components are subject to high correlation, any move in performance of the Index Components will exaggerate the performance of the Index.

Correlation of performances among the Index Components may reduce the performance of the Index. Performances of the Index Components of the Index may become highly correlated from time to time, including, but not limited to, periods in which there is a substantial decline in a particular sector or asset type represented by the Index Components. High correlation during periods of negative returns among the Index Components may have an adverse effect on the level of the Index.

The strategy tracked by METYS and the views implicit in METYS are not guaranteed to succeed. The strategies tracked by METYS are not guaranteed to be successful. It is impossible to predict whether and the extent to which METYS or its underlying notional portfolio of 2 year and 10 year US treasury futures (collectively, the "**Portfolio**") will yield positive or negative results. Potential investors should seek your own advice as necessary to assess METYS and its strategy.

METYS is subject to significant risks associated with fixed-income securities, including interest rate-related risks and credit risk. The Futures Contracts are comprised of bonds and, therefore, rising interest rates may cause the value of the bonds underlying such Futures Contracts and METYS to decline, possibly significantly. Furthermore, prices of the underlying US Treasury bonds are significantly influenced by the creditworthiness of the issuer of the bonds, which may affect the prices of such Futures Contracts and, therefore, the level of METYS.

No member of the HSBC Group is liable for any information concerning a Futures Contract or the performance of such contract. Any information obtained by any member of the HSBC Group concerning a Futures Contract from publicly available sources that it/ they believe reliable, will not be independently verified. No representation, warranty, or undertaking (express or implied) is made and no responsibility is accepted by any member of the HSBC Group as to the accuracy, completeness, and timeliness of information concerning such Futures Contract. No member of the HSBC Group makes any representation whatsoever, whether express or implied, as to the performance of any Futures Contract or the use of such Futures Contract in connection with the Index. Further, Linked Products will not give rise to any obligations or rights in respect of the Futures Contract or any underlying assets in respect of the Futures Contract.

The Index is not promoted by the sponsor of Futures Contract Sponsor. The Index is not sponsored, endorsed, or promoted by the "sponsor" of the Futures Contract. The sponsor of the Futures Contract makes no representation whatsoever, whether express or implied, either as to the results to be obtained from referencing the Futures Contract or the value of such Futures Contract at any particular time on any particular date. The sponsor of the Futures Contract shall not be liable (whether in negligence or otherwise) to any person for any error in such Futures Contract. A sponsor of a Futures Contract is under no obligation to advise any person of any error in such Futures Contract. A sponsor of a Futures Contract does not make any representation whatsoever, whether express or implied, as to the advisability of investing or assuming any risk in connection with the Futures Contract.

Performance of a similar futures contract is not an indicator of the performance of the Futures Contracts. The performance of a similar futures contracts to the Futures Contracts or the performance

of underlying assets similar to those referenced by the Futures Contract will not necessarily be indicative of the performance of the relevant Futures Contract linked to the Index and may not perform as expected.

Determinations or actions made by the Index Administrator and/or the Index Calculation Agent in respect of a Futures Contract may have an adverse effect on the value of a Linked Product. Determinations or actions may be taken by the Index Administrator and / or Index Calculation Agent to adjust, remove or replace any Index Components in accordance with the Index Description. Making such determination or taking such action may have an adverse effect on the return of any Linked Product and consequently, the value of and the return on such product may be considerably less than that originally anticipated by an investor in Linked Products.

Start Date and back-testing. The Index Administrator will designate a start date of the Index ("**Start Date**"), on which the initial level of the Index is specified in the Index Description. The levels of the Index in the period from the Start Date, to a date on which a Linked Product is first implemented (being the "**Live Date**" (which may be materially later than the Start Date of the Index) will be calculated on the basis of back-tested data (using simulated analyses and hypothetical circumstances).

Levels in respect of the Index for such period are hypothetical and are calculated at or around the Start Date in accordance with the Index Description but using historical data available to the Index Administrator at the time of calculation to estimate how the Index may have performed prior to its actual existence. If such historical data is not available or is incomplete for any certain day, the Index Administrator may use alternate sources of data in place of such historical data, and/or may substitute alternative values (which may be determined by the Index Administrator), as it deems necessary to calculate such hypothetical level of the Index.

If such historical data was unavailable or incomplete, or if different sources or values were used in such back-testing, the levels of the Index for such period would be different, potentially materially so. Accordingly, such the levels of the Index may not reflect the performance of, and are no guarantee or assurance in respect of the performance or returns of, the Index over any time period from the Start Date. Furthermore, it may be that any back-testing is based on information and data provided to the Index Administrator by third parties. The Index Administrator provides no assurance or guarantee that the Index will operate or would have operated in the past in a manner consistent with those materials. The Index Administrator will not have independently verified or guaranteed the accuracy and/or the completeness of such information or data provided and is not responsible for any inaccuracy, omission, mistake or error in such information, data and/or back-testing.

Historical levels of an Index may not be indicative of future performance. Past performance of the Index is no guide to future performance. It is not possible to predict whether the level of the Index will increase or decrease. The actual performance of the Index over the life of any Linked Product as well as the amount payable at maturity or settlement may be very different to the historical levels of the Index.

The Index may be subject to dilution, which may limit the gains to investors in any Linked Products. The Index may be subject to dilution, such that investors in any Linked Product may not benefit fully from increases or decreases (depending on whether the exposure is long or short) in the value of an Index Component. Dilution means that the return or loss on an investment is subject to a multiplier decreasing exposure to such investment and reducing the volatility and risk of loss should the

value of such investment decline but reducing the potential gain should the value of such investment increase. Investors in Linked Products should be aware that if the value of an Index Component increases or decreases, an investment linked to the Index may not have the same magnitude of increased or decreased value as such Index Component.

An investor in a Linked Product will have no rights in respect of the Index or in respect of any of the Index Components. The investment exposure to the Index, achieved by investing in a Linked Product, is purely synthetic. An investment in a Linked Product will therefore not grant an investor any right, title or interest in or make an investor a holder of or give an investor a direct or indirect purchase or other acquisition or assignment of any interest or a direct investment position in, the Index or in any of the Index Components (or any components thereof). As such, the risks and returns of an investment in a Linked Product may differ significantly from a direct investment in any or all of the Index Components (or component(s) thereof).

HSBC or an affiliate of HSBC's hedging activity may affect the level of an underlying index. By executing products linked to an underlying index such as METYS, HSBC and/or its affiliates will have an exposure to such underlying index and its components. HSBC may take risk positions to hedge this exposure in its sole discretion and in a principal capacity. Investors in products linked to an underlying index will not have any rights in respect of any HSBC hedge positions, including without limitation, any shares, futures, options, commodities or currencies. HSBC may execute its hedging activity by trading in the components of any underlying index at any time and this may have an adverse impact on the performance of an underlying index. HSBC's hedging activity, and hence the size of such impact, may be linked to the amount of new and outstanding products linked to the relevant underlying index at the relevant time. HSBC may generate revenues if it executes its hedging activity at different levels from those used to determine the value of an underlying index. The relevant hedging activity could generate significant returns to HSBC that will not be passed on to investors in products which are linked Products.

Discretion. The Index Description may confer on each of the Index Administrator and the Index Calculation Agent the right to make determinations, calculations, adjustments and modifications in relation to the Index and related matters, which involve, in certain circumstances, a degree of discretion in order to ensure that the Index can, where reasonably practicable, continue to be calculated and determined notwithstanding the relevant circumstances or, to allow a delay or a cancellation of the Index (including, without limitation, upon the occurrence of certain adjustment events, certain dilutive or concentrative events or other market disruption events in relation to Index Components as specified in the Index Description). Such adjustments may include, without limitation, adjusting the composition of the Index which exposes investors in Linked Products to the risk that any replacement Index Component may perform differently from the original Index Component, which may have an adverse effect on the performance of the Index. For example, there may be no US Treasury notes with designated maturities in the 1 to 10 year range in the market, in which case the curve from US Treasury Futures prices are approximated by a swap curve made of different swap rates as specified in the Index Description.

Investors in Linked Products should note that they are exposed to the exercise by the Index Administrator of such discretions and in exercising such discretions, the Index Administrator and the Index Calculation Agent have no obligation to consider the interests of any other person including (but not limited to) investors in Linked Products. Each Index Administrator and/or Index Calculation Agent, unless otherwise specified, is required to act using reasonable discretion, however, there can be no assurance that the exercise of any such discretion (or the absence of exercise, as the case may be) will not increase or decrease the level of the Index and/or alter the volatility of the Index, which may have an adverse effect on the performance of the Index.

Political and economic factors. The value of each Index Component may be influenced by a number of circumstances, including, but not limited to, political events, general economic conditions, government intervention, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations. Any such circumstance (or a combination of them) may cause unexpected volatility or illiquidity in the relevant markets. The Index may fail to take account of such events, as a result, which could impact the performance of the Index which may in turn have an adverse effect on the performance of a Linked Product.

Market volatility. The underlying markets for Index Components may be volatile and subject to sudden fluctuations of varying magnitude, and may be influenced by, amongst other things, government trade, fiscal, monetary and exchange control programmes and policies, national and international political and economic events and changes in interest rates. The volatility of such underlying markets may render it difficult or impossible to predict or anticipate fluctuations in the value of Index Components which could in turn have an adverse effect on the performance of the Index and/or any Linked Products.

Reliance on information. The Index methodology may rely on information from third-parties for certain inputs necessary to compute the level of the Index. The inability of the Index Administrator and/or the Index Calculation Agent to source such necessary data to calculate the relevant formulae of the Index may affect the level of the Index. Investors considering acquiring or making an investment in a Linked Product should carefully read and understand the information about the Index and the Index Components, including the Index Description. However, no member of the HSBC Group makes any warranty as to the correctness of that information or the Index Description and takes no responsibility for the accuracy of such data or the impact of any inaccuracy of such data on the Index. Linked Products may be exposed to more or less risk, or perform better or worse, based upon the inputs received from the above suppliers or sources, than an actual investment in or linked to one or more of the Index Components.

Reform of interest rate and other "benchmarks". The use and application of benchmarks, such as interbank offer rates (for example, LIBOR and EURIBOR), in transactions and other documents have been the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. 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 the Index or any of its constituents. Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks." The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could have materially adverse consequences in relation to the Index or any of its components.

METYS may not approximate the target volatility. No assurance can be given that METYS will maintain a realized volatility that approximates the METYS target volatility, and the actual realized volatility of METYS may be greater or less than the METYS target volatility. METYS seeks to maintain a realized volatility approximately equal to the target volatility of 8% by rebalancing its exposures to the Core Index on each day. The higher the realized volatility of the Core Index, the less exposure of METYS to the Core Index is adjusted towards. However, there is no guarantee that trends exhibited by any such measures will continue in the future.

The volatility-targeting feature may cause METYS to perform poorly during certain market conditions. METYS allocates exposure to the Portfolio based on two measures of realized volatility. Realized volatility is not the same as implied volatility, which is an estimation of future volatility, and may better reflect market volatility expectation. Because exposure is adjusted based on historic levels and trends, METYS may not meaningfully reduce its exposure to the Portfolio until a down-turn has already occurred, and by the time reduced exposure does take effect, the recovery may have already begun.

METYS varies its exposure to the Portfolio. As a result, exposure to the Portfolio may be limited and the performance of METYS may be adversely affected. METYS, on each day on which it is calculated, adjusts its exposure to the Portfolio in an attempt to maintain a historical volatility approximately equal to the target volatility. If the exposure to the Portfolio is less than 100%, METYS will include an uninvested position that does not earn interest or any other return. METYS may include an uninvested position even when the Portfolio is performing favorably. As a result, METYS may underperform a similar index that does not include an uninvested position.

Any of the forgoing may adversely affect the level of METYS which may affect the value of any Linked Products.