

## PRICING SUPPLEMENT

The terms and conditions of the Credit-Linked Notes shall consist of the "*Terms and Conditions of the Notes*" set out in "*Part B – Information relating to the Notes Generally*" and "*Part F – Additional Terms and Conditions relating to Credit-Linked Notes (Single Name – Unleveraged – Physical Settlement)*" of the Offering Memorandum (the "**Base Conditions**") as amended or supplemented by the terms set out in this Pricing Supplement (including the Schedules hereto) (the "**Pricing Supplement**"), (terms used in such provisions being deemed to be defined as such for the purposes of the Offering Memorandum).

Pricing Supplement dated: 24 April 2017

### HSBC Bank plc

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

as Issuer

### Programme for the Issuance of Notes and Warrants

Issue of

**Further Issue of USD 10,000,000 Credit-Linked Notes due 2024 linked to the State of Israel**

**to be consolidated and form a single series with the existing**

**USD 10,000,000 Credit-Linked Notes due 2024 linked to the State of Israel**

**issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants**

## 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 and must be read in conjunction with the offering memorandum dated 10 June 2016 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 2014 Conditions (the "2014 Conditions"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. 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 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 securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). 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 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

## DISCLAIMER

**THIS DOCUMENT IS INTENDED SOLELY FOR ACCREDITED INVESTOR AS THIS TERM IS DEFINED IN THE FIRST SCHEDULE OF THE SECURITIES LAW OF ISRAEL. THE INFORMATION OR RECOMMENDATIONS IN THIS DOCUMENT MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. THE ISRAELI RECIPIENT OF THIS DOCUMENT GAVE HIS PRIOR CONSENT THAT HE FULFILS ALL RELEVANT**

**CONDITIONS LISTED FOR “ACCREDITED INVESTOR”, AT THE TIME HE RECEIVED THIS DOCUMENT.**

**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 "Risk Factors" in the Offering Memorandum.**

1. Issuer: HSBC Bank plc
2. Tranche number: 2  

The Notes issued under this Pricing Supplement are to be consolidated and form a single series with the tranche 1 USD 10,000,000 Credit-Linked Notes issued on 07 October 2014 (the “Original Tranche”).
3. Currency:
  - (i) Settlement Currency: United States Dollars (“USD”)
  - (ii) Denomination Currency: Settlement Currency
4. Aggregate Principal Amount
  - (i) Series: USD 20,000,000
  - (ii) Tranche: USD 10,000,000
5.
  - (i) Issue Price: 100 per cent. of the Aggregate Principal Amount
  - (ii) Commission payable: None
  - (iii) Selling concession: None
6.
  - (i) Denomination(s): USD 1,000,000  
(*Condition 2*)
  - (ii) Calculation Amount: Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, USD 1,000,000.
7.
  - (i) Issue Date: 25 April 2017
  - (ii) Interest Commencement Date: 20 March 2017
8. Maturity Date:  
(*Condition 7(a)*)

Subject to the occurrence of a Potential Credit Event, the earliest to occur of (i) 20 December 2024 (the “**Scheduled Maturity Date**”), subject to adjustment in accordance with the Following Business Day Convention, (ii) if a Credit Event Notice Date occurs, the last Credit Event Redemption Date to occur and (iii) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 7(b), 7(f) and 11.

Potential Credit Event: Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that a Credit Event has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if a Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the last Credit Event Redemption Date to occur, or (2) if no Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that a Potential Credit Event no longer exists, and (b) the third Business Day after the Notice Delivery Period End Date (the "**Extended Maturity Date**").

"**Notice Delivery Period End Date**" means the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs, the later of (i) the 14th calendar day following the Extension Date and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred; (II) if the relevant Credit Event is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event; or (b) otherwise the 14th calendar day following the Extension Date.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Change of interest or redemption basis: In the event that the Notes are redeemed on a Credit Event Redemption Date, redemption of the Notes shall be pursuant to and in accordance with the Additional Conditions.

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

10. Fixed Rate Note provisions: (Condition 4) Not applicable

11. Floating Rate Note Provisions: (Condition 5) Applicable

(i) Interest Period: The period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Interest Commencement Date and the last such period shall end on but exclude the earliest to occur of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (**provided that** a Credit Event Notice Date subsequently

		occurs), (iii) the Scheduled Maturity Date and (iv) the Maturity Date.
(ii)	Interest Payment Dates:	20 March, June, September and December in each year, commencing on and including the First Interest Payment Date and ending on the earliest to occur of (i) the last Credit Event Redemption Date to occur, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the Following Business Day Convention.
(iii)	First Interest Payment Date:	20 June 2017 (subject to adjustment in accordance with the Following Business Day Convention).
(iv)	Interest Amount:	An amount per Calculation Amount equal to the product of:  (i) the Calculation Amount;  (ii) the Rate of Interest; and  (iii) the Day Count Fraction.  Each Interest Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).
(v)	Business Day Convention:	Following Business Day Convention
(vi)	Business Centre(s):	London and New York
(vii)	Screen Rate Determination:	Applicable
(1)	Reference Rate:	USD-LIBOR-BBA  A reference to the BBA includes a reference to any successor administrator of LIBOR.
(2)	Interest Determination Date(s):	Two London banking days prior to the first day of the relevant Interest Period and subject to interpolation in respect of the first Interest Period.
(3)	Relevant Screen Page:	Reuters LIBOR01 Page (or, if not available, on whatever page of such recognised screen service that may be substituted thereof for the display of USD-LIBOR-BBA).
(4)	Relevant Financial Centre:	London
(5)	Designated Maturity:	3-month, provided that the Designated Maturity in respect of the first Interest Period shall be determined through the use of straight-line interpolation by reference to two rates based on the relevant Rate of Interest, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the Interest Period.

(viii)	ISDA Determination:	Not applicable
(ix)	Margin(s):	1.70 per cent. per annum
(x)	Day Count Fraction:	Actual/360
(xi)	Relevant time:	11:00 am London time
(xii)	Minimum Rate of Interest:	Not applicable
(xiii)	Maximum Rate of Interest:	Not applicable
(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not applicable
12.	Variable Coupon Amount Note provisions	Not applicable
13.	Zero Coupon Note provisions:	Not applicable
14.	Equity/Index-Linked Interest Note and other variable-linked Interest Note provisions	Not applicable

#### **PROVISIONS RELATING TO REDEMPTION**

15.	Issuer's optional redemption (Call Option): ( <i>Condition 7(c)</i> )	Not applicable
16.	Noteholder's optional redemption (Put Option): ( <i>Condition 7(d)</i> )	Not applicable
17.	Final Redemption Amount: ( <i>Condition 7(a)</i> )	USD 1,000,000 per Calculation Amount.
		See also the provisions relating to Redemption following the occurrence of a Credit Event in the Additional Conditions and below.
18.	Final Redemption Amount in cases where the final Redemption Amount is Index-linked to other variable linked:	Not applicable
19.	Instalment Notes: ( <i>Condition 7(a)</i> )	Not applicable
20.	Early Redemption Amount:	Yes
(i)	Early Redemption Amount (upon redemption for taxation reasons and	The Early Redemption Amount shall be determined in good faith and in a commercially reasonable manner by the Calculation Agent to be each Note's <i>pro rata</i> share of

	illegality ( <i>Condition 7(b) and 7(f)</i> ):	the fair market value of the Notes immediately prior to the early redemption date, subject to a minimum of zero.
(ii)	Early Redemption Amount (following an Event of Default)	An amount equal to the Principal Amount of the Notes.
(iii)	Other redemption provisions: ( <i>Condition 7(j)</i> )	If the Issuer gives a Credit Event Notice, the Issuer shall be obliged to redeem the Notes in full or in part, as the case may be, by Physical Settlement and/or Cash Settlement on each applicable Credit Event Redemption Date pursuant to and in accordance with the Additional Conditions.
		The Credit Event Notice shall describe the Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event.
	Credit Event Redemption Amount:	As defined in the Additional Conditions, which is as amended in the "Additional Provisions" clause of Schedule 1 hereto.
21.	Form of Notes: ( <i>Condition 2(a)</i> )	
(i)	Form of Notes:	Bearer Notes
(ii)	Bearer Notes exchangeable for Registered Notes:	No
22.	New Global Note	No
23.	If issued in bearer form:	
(i)	Initially represented by a Temporary Global Note or Permanent Global Note:	Temporary Global Note
(ii)	Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: ( <i>Condition 2(a)</i> )	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note.
(iii)	Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation:	No
(iv)	Coupons to be attached to Definitive Notes:	Yes

(v)	Talons for future Coupons to be attached to Definitive Notes:	No
24.	Exchange Date for exchange of Temporary Global Note:	Not earlier than 40 days following the Issue Date
25.	Payments: ( <i>Condition 9</i> )	
(i)	Relevant Financial Centre Day:	A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York (as defined in Condition 1 ( <i>Definitions</i> ))
26.	Redenomination: ( <i>Condition 10</i> )	Not applicable
27.	Other terms:	The " <i>Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged – Physical Settlement)</i> " (the " <b>Additional Conditions</b> ") set out in the Offering Memorandum apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Unleveraged Credit-Linked Notes. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of this Pricing Supplement and Schedule 1 hereto, the following hierarchy shall apply, namely (i) firstly, Part A of this Pricing Supplement, then (ii) Schedule 1 hereto and then (iii) the Additional Conditions, as amended herein.

## DISTRIBUTION

28.	(i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s):	Not applicable
	(ii) If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any):	Not applicable
29.	Selling restrictions:	TEFRA D Rules
	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 US person (as defined in Regulation S).
	Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the " <b>Prospectus Directive</b> "):	The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency).
30.	Additional selling restrictions:	
	Israel:	This communication/agreement is directed only to an Accredited Investor which declares in writing prior to the purchase, that it is indeed an investor listed in the First Schedule to the Securities Law-1968 of Israel and that it is aware of and consent to the implications of being treated as such an investor. This

communication/agreement must not be acted on or relied on by persons who are not Accredited Investors. The investment activity to which this communication/agreement relates is available only to Accredited Investors and will be engaged in only with Accredited Investors.

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31. Secondary Market:

As long as a Noteholder provides the Issuer with evidence satisfactory to the Issuer that it holds an amount of the Notes not less than USD 5,000,000 on such day, then on any Business Day during London market hours, the Issuer agrees to use all reasonable efforts to quote a firm bid-offer spread for the Notes of not greater than 3% until 7 October 2019 and 2% thereafter in respect of transactions in sizes of USD 5,000,000 following a request from such Noteholder, provided that:

- (i) there are no Limitations and no Market Disruption Event subsisting on such day as determined by the Issuer acting in good faith but otherwise in its sole and absolute discretion; and
- (ii) such Noteholder has entered into a side-letter with the Issuer which sets out, in accordance with this section, the circumstances in which the Issuer agrees to quote a firm bid-offer spread,

where:

**"Limitations"** means the provision of such bid-offer spread:

- (a) would not be in compliance with the Issuer's internal policies and procedures;
- (b) would result in the Issuer breaching any applicable laws or regulations;
- (c) would give rise to any circumstances where the Issuer is not able to purchase or sell any Notes from the relevant Noteholder (due to, for example, any operational reasons, not having any settlement or credit lines with such Noteholder, or having completed appropriate KYC with such Noteholder);
- (d) would or is expected to result in any undue or adverse tax consequences to the Issuer; or
- (e) would have material adverse funding (including cost of funding) implications for the Issuer or otherwise be in breach of HSBC's funding policy.

**"Market Disruption Event"** means:

- (a) an event or a series of events (and whether or not affecting the market generally) which results in the unscheduled suspension or closing of, or any material disruption in the services of, any physical or electronic trading system, exchange, quotation system or market affecting the Notes or HSBC; or

- (b) a movement of 10% or more, from the previous day's close, either in the 5 year CDS price in respect to State of Israel or in the 5 year CDS price in respect to HSBC Bank plc.

**CONFIRMED**

**HSBC BANK PLC**

A handwritten signature in black ink, appearing to read "D. Manasse". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

By: .....  
*Authorised Signatory*

## **PART B - OTHER INFORMATION**

### **1. LISTING**

- (i) Listing: Application has been made to admit the Notes to listing on the Official List of Irish Stock Exchange on or around the Issue Date. No assurance can be given as to whether or not, or when, such application will be granted.
- (ii) Admission to trading: Application has been 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 admission to trading: EUR 2,500

### **2. RATINGS**

- Ratings: Application will be made to Fitch to have the Notes rated on or around the Issue Date. No assurance can be given as to what rating (if any), or when, will be assigned to the Notes.

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

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

### **4. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: To make a profit and hedge certain risks.

### **5. YIELD**

- Indication of yield: Not applicable.

## **OPERATIONAL INFORMATION**

6. ISIN Code: XS1596114188 fungible with XS1115379411 40 days after the Issue Date
7. Common Code: 159611418 fungible with 11153794140 days after the Issue Date
8. CUSIP: Not applicable
9. Valoren Number: Not applicable
10. SEDOL: Not applicable
11. WKN: Not applicable
12. Intended to be held in a manner which would allow Eurosystem eligibility: No
- Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its

absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

- |     |  |  |
|-----|--|--|
| 13. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | None   |
| 14. | Delivery:  | Delivery against payment   |
| 15. | Settlement procedures:   | Medium Term Note   |
| 16. | Additional Paying Agent(s) (if any):   | None   |
| 17. | Common Depositary:   | HSBC Bank plc  |
| 18. | Calculation Agent:   | HSBC Bank plc  |
| 19. | City in which specified office of Registrar to be maintained:<br>( <i>Condition 15</i> )                           | Not applicable   |
| 20. | ERISA Considerations:  | The Notes may not be purchased by " <i>Benefit Plan Investors</i> ". See " <i>Certain ERISA Considerations</i> " in the Offering Memorandum for further information. |

**SCHEDULE 1**  
**CREDIT-LINKED NOTE SPECIFICATIONS**

1. **General Terms**

Business Day:	London, New York
Business Day Convention:	Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, which falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 3 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of " <i>Successor</i> " on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. The Reference Entity has been designated as a particular " <i>Transaction Type</i> " in Schedule 2. References to " <b>Standard Terms</b> " mean, in respect of a Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated 29 May 2012, as published by ISDA on its website at <a href="http://www.isda.org">www.isda.org</a> , in relation to its Transaction Type.
Tap Trade Date:	04 April 2017
Reference Obligation:	Subject to the occurrence of a Succession Event, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.
Substitution:	Not applicable
All Guarantees:	Applicable or Not applicable as specified in the applicable Standard Terms.
Reference Price:	100 per cent

2. **Credit Event Provisions:**

Reference Entity Calculation Amount:	Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, USD 10,000,000.
Credit Events:	In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations:	None

3. **Settlement Terms (Dealer Poll Method)**

Terms relating to Cash Settlement (if the Dealer Poll Method applies):

Valuation Date:	Single Valuation Date.  A Business Day as selected by the Issuer acting in good faith and a commercially reasonable manner.
CDS Settlement Currency	None specified
Valuation Obligations:	"Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.  If the Dealer Poll Method applies the Issuer acting in good faith and in a commercially reasonable manner will be free to select for the purposes of constituting the Portfolio any obligations of the Reference Entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Valuation Obligation.
Dealer List:	ABN Amro Bank NV Barclays Bank PLC BNP Paribas Citibank, N.A., London Branch Commerzbank AG Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International J.P. Morgan Securities LLC Merrill Lynch International Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc UBS Limited  or any market maker in the relevant type of Valuation Obligation or other major credit derivatives market participant, in each case excluding the Issuer and any Affiliate of the Issuer.
Interest until Credit Event Notice Date:	Applicable
Deduct Hedging Costs	Applicable

## ADDITIONAL PROVISIONS

The sub-section entitled "*Terms relating to Physical Settlement*" of the "Redemption and Purchase" section shall be deemed to be deleted from "*Part F – Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged – Physical Settlement)*" of the Offering Memorandum and replaced with the following:

### *"Terms relating to Physical Settlement*

(iii) If the Issuer gives a Credit Event Notice, unless the Issuer has determined acting in good faith and in a commercially reasonable manner that:

- (1) it would be unlawful, impossible or otherwise impracticable to deliver to each Noteholder any of the Deliverable Portfolio Constituents in accordance with sub-paragraph (ii)(B) of the Cash Settlement Event definition; or
- (2) no Valuation Obligations would be comprised in the Deliverable Portfolio in accordance with sub-paragraph (iii)(B) of the Cash Settlement Event definition,

the Issuer shall deliver a Physical Settlement Notice to each Noteholder in accordance with Condition 14(a) (*Notices to Noteholders*) and subject (i) as provided in Conditions 7(j)(x) and 7(j)(xi) below and (ii) the receipt by the Issuer of a duly completed Asset Transfer Notice from each Noteholder in accordance with Condition 14(b) (*Notices from Noteholders*) on or prior to the date specified in the Physical Settlement Notice as the deadline for such receipt by the Issuer, the Issuer shall redeem the Notes (in whole or in part, as applicable) by Delivery, or by procuring the Delivery, to each Noteholder of such Noteholder's pro rata share of the Deliverable Portfolio (if any) excluding any Undeliverable Obligations, in accordance with details provided in the Asset Transfer Notice, on or before the Physical Settlement Date (such Delivery, "**Physical Settlement**" and each date of such Delivery of a Deliverable Portfolio Constituent, a "**Delivery Date**") in accordance with this Condition 7(j).

Where the Note is to be redeemed by Physical Settlement only, the Issuer will also pay a cash amount equal to the Hedging Gains (if any) to the Noteholder."

The following definitions in the sub-section entitled "*7(o) – Credit-Linked Note Definitions*" of the "Redemption and Purchase" section shall be deemed to be deleted from "*Part F – Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged – Physical Settlement)*" of the Offering Memorandum and replaced with the following, respectively:

""**Asset Transfer Notice**" means a notice in writing from a Noteholder substantially in the form set out in Schedule 4 (*Form of Asset Transfer Notice*) hereto and which includes:

- (i) a representation that such Noteholder is an Eligible Holder;
- (ii) evidence satisfactory to the Issuer acting in good faith and in a commercially reasonable manner that it holds all the Notes in issuance (other than Notes sold back to the Issuer);
- (iii) (A) details of the account with Euroclear, Clearstream, Luxembourg or other relevant clearing system to which the Deliverable Portfolio should be delivered, if the Deliverable Portfolio to be delivered comprises Valuation Obligations that are then deliverable through any such clearing system or (B) if the Deliverable Portfolio comprises Valuation Obligations that are not so deliverable, appropriate delivery instructions and all necessary consents or authorisations (including of any applicable designee) with respect thereto as requested by the Issuer acting in good faith and in a commercially reasonable manner; and
- (iv) confirmation that it has requested Euroclear/Clearstream to block its account at the time of sending the notice."

""**Cash Settlement Event**" means the occurrence of any of the following:

- (i) the Issuer does not receive a duly completed Asset Transfer Notice from the Noteholder on or prior to the date specified therefore in the Physical Settlement Notice as the deadline for such receipt by the Issuer (including, for the avoidance of doubt, because the Issuer did not deliver to the Noteholder a Physical Settlement Notice because the Issuer has determined acting in good faith and in a commercially reasonable manner that (i) it would be unlawful, impossible or otherwise impracticable to deliver to the Noteholder any of the Valuation Obligations comprising the Deliverable Portfolio or (ii) no Valuation Obligations would be comprised in the Deliverable Portfolio);
- (ii) (A) the Issuer receives a duly completed Asset Transfer Notice from the Noteholder on or prior to the date specified in the Physical Settlement Notice and (B) the Issuer determines acting in good faith and in a commercially reasonable manner that it is unlawful, impossible or otherwise impracticable (including without limitation, as a result of failure of the relevant clearance system or due to any law, regulation, court order or market conditions) to deliver to the Noteholder any or all of the Deliverable Portfolio Constituents;
- (iii) (A) the Issuer receives a duly completed Asset Transfer Notice from the Noteholder on or prior to the date specified in the Physical Settlement Notice and (B) for any reason whatsoever the Issuer (or its affiliates) has not been delivered or will not be delivered sufficient Valuation Obligations pursuant to any Representative Auction-Settled Transaction, Hedge Transaction or otherwise, in order to be able to redeem the Note in full by Physical Settlement on the Physical Settlement Date, each as determined by the Issuer acting in good faith and in a commercially reasonable manner; or
- (iv) (A) the Issuer receives a duly completed Asset Transfer Notice from the Noteholder on or prior to the date specified in the Physical Settlement Notice and (B) Delivery Fees have not been paid to the satisfaction of the Issuer acting in good faith and in a commercially reasonable manner on or before the date that is 5 Business Days after sending a written notice specifying such Delivery Fees to the Noteholder."

""**Credit Event Redemption Amount**"" means:

- (A) If a Cash Settlement Event occurs pursuant to sub-paragraph (i) of the definition thereof, an amount (which shall not be less than zero) equal to:
    - (i) the product of:
      - (a) the relevant portion of the Calculation Amount; and
      - (b) the weighted average (weighted by reference to the outstanding principal amount of the relevant obligations as follows) of:
        - (x) if a Dealer Poll Event occurs pursuant to any of sub-paragraphs (A) to (E) of the definition thereof, the Final Price for the Portfolio determined pursuant to the Dealer Poll Method;
        - (y) if a Dealer Poll Event occurs pursuant to sub-paragraph (F) of the definition thereof, the Final Price of each Undeliverable Obligation (if any) determined pursuant to the Dealer Poll Method; and
        - (z) if a Dealer Poll Event does not occur, the Auction Final Price;
- less or plus
- (ii) any Hedging Costs or any Hedging Gains, as the case may be.
- (B) If a Cash Settlement Event occurs pursuant to sub-paragraphs (ii) and/or (iv) of the definition thereof, an amount in respect of the portion of the Note which would have been redeemed by Physical Settlement but for the occurrence of such Cash Settlement Event (which shall not be less than zero) equal to:

- (i) the product of:
  - (a) the relevant portion of the Calculation Amount; and
  - (b) the Final Price of each Undeliverable Obligation determined pursuant to the Dealer Poll Method,

less or plus

- (ii) a pro rata share of any Hedging Costs (such Hedging Costs reduced by an amount equal to the amount (if any) in respect of which the Issuer has been effectively compensated by the prior redemption of Note pursuant to either Physical Settlement or pursuant to (C) below) or any Hedging Gains (such Hedging Gains reduced by an amount equal to the amount (if any) already taken into account in (C) below), as the case may be.
- (C) If a Cash Settlement Event occurs pursuant to sub-paragraph (iii) of the definition thereof, an amount in respect of the portion of the Note which would have been redeemed by Physical Settlement but for the occurrence of such Cash Settlement Event (which shall not be less than zero) equal to:

- (i) the product of:
  - (a) the relevant portion of the Calculation Amount; and
  - (b) either:
    - (x) if a Dealer Poll Event occurs pursuant to any of sub-paragraphs (A) to (F) of the definition thereof, the Final Price for the Portfolio determined pursuant to the Dealer Poll Method; and
    - (y) otherwise, the Auction Final Price; or

less or plus

- (ii) a pro rata share of any Hedging Costs (such Hedging Costs reduced by an amount equal to the amount (if any) in respect of which the Issuer has been effectively compensated by the prior redemption of Note pursuant to either Physical Settlement or pursuant to (B) above) or any Hedging Gains (such Hedging Gains reduced by an amount equal to the amount (if any) already taken into account in (B) above), as the case may be."

**"Dealer Poll Event"** means in relation to a Credit Event, the occurrence of one or more of the following in respect of such Credit Event:

- (1) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (2) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (3) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (4) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer

determines acting in good faith and in a commercially reasonable manner that a Reference Transaction or a Hedge Transaction would be settled in accordance with the Dealer Poll Method;

(5) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date; or

(6) the Issuer has taken physical delivery of an Undeliverable Obligation."

**"Deliverable Portfolio"** means portfolio of one or more Valuation Obligations actually received by the Issuer (and/or its affiliates) under any Representative Auction-Settled Transaction, Hedge Transaction or otherwise with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (or the equivalent in USD) (including (if Include Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in good faith and in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (which in aggregate shall not exceed the lesser of (i) Reference Entity Calculation Amount (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) as of the relevant Valuation Date) and (ii) the outstanding principal balance (or the equivalent in USD) of Valuation Obligations actually received by the Issuer under any Representative Auction-Settled Transaction, Hedge Transaction or otherwise (and determined by the Issuer acting in good faith and in a commercially reasonable manner as allocable to this transaction), in each case minus any Hedging Costs."

**"Delivery Fees"** means any stamp tax, recordation, processing or similar fee or other expenses and/or fees reasonably incurred or expected to be incurred by the Issuer and arising from the receipt by the Issuer or delivery to the Noteholder of the Deliverable Portfolio shall be for the account of the Noteholders, as specified in a written notice to them. Subject to sub-paragraph (iv) of the Cash Settlement Event definition, Delivery and/or transfer of the Deliverable Portfolio to the Noteholders shall be delayed until all such Delivery Fees have been paid to the satisfaction of the Issuer acting in good faith and in a commercially reasonable manner. Delivery Fees in respect of Notes sold back to the Issuer but not yet cancelled will be deemed to have been paid."

**"Final Price"** means:

(A) in respect of the Undeliverable Obligations (or portions thereof), the weighted average of the highest firm bid price obtained by the Issuer and/or its Affiliates in respect of the actual sale of the Undeliverable Obligations (or portions thereof), provided that if no firm bid is received in respect of an Undeliverable Obligation (or portion thereof), the Final Price of such Undeliverable Obligation (or portion thereof) shall be deemed to be zero (0). The Issuer and/or its Affiliates) shall conduct a dealer poll of at least three dealers on the Valuation Date from the Dealer List set out in Schedule 1 to the Pricing Supplement; and

(B) in respect of the Portfolio, the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.

With respect to each Valuation Obligation in the Portfolio, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent acting in good faith and in a commercially reasonable manner from the Dealer List set out in Schedule 1 to the Pricing Supplement. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.

To the extent that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation for a Valuation Obligation in the Portfolio on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "Backup Valuation Date") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four Business Day period following the

Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day."

**"Hedging Costs"** means an amount (in USD) equal to the aggregate of any costs to the Issuer (and its affiliates, if any) which would be incurred as a result of terminating, liquidating, transferring, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Note and any Delivery Fees which have not been paid to the satisfaction of the Issuer acting in good faith and in a commercially reasonable manner."

**"Physical Settlement Date"** means the last day of the longest Physical Settlement Period for any Valuation Obligation in the Deliverable Portfolio following the later to occur of (i) delivery of the duly completed Asset Transfer Notice and (ii) the earlier to occur of (a) the date on which the Issuer (and/or its affiliates) receives the entirety of the Deliverable Portfolio and (b) with respect to a Valuation Obligation, the longest number of business days for settlement in accordance with the current market practice for such Valuation Obligation as determined by the Calculation Agent."

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (or its equivalent in the Settlement Currency) (including (if Include Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in good faith and in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**, which in aggregate shall not exceed the Reference Entity Calculation Amount (or, if a partial redemption is designated in respect of a Restructuring Credit Event, the relevant Partial Redemption Portion) as of the relevant Valuation Date) less the outstanding principal balance (or the equivalent in the Settlement Currency) of any Undeliverable Obligations, which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer acting in good faith and in a commercially reasonable manner at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Undeliverable Obligation"** means either:

- (i) if a Cash Settlement Event occurs pursuant to sub-paragraph (i) of the definition thereof, each Valuation Obligation (if any) comprised in the Deliverable Portfolio; or
- (ii) if a Cash Settlement Event occurs pursuant to sub-paragraph (ii) of the definition thereof, any Valuation Obligation which the Issuer determines acting in good faith and in a commercially reasonable manner that it is unlawful, impossible or otherwise impracticable (including without limitation, as a result of failure of the relevant clearance system or due to any law, regulation, court order or market conditions) to deliver to the Noteholder; or
- (iii) if a Cash Settlement Event occurs pursuant to sub-paragraph (iv) of the definition thereof, each Valuation Obligation (if any) comprised in the Deliverable Portfolio."

The following definition is inserted in the relevant alphabetical order place in the sub-section entitled "7(o) – Credit-Linked Note Definitions" of the "Redemption and Purchase" section of "Part F – Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged – Physical Settlement)" of the Offering Memorandum:

**"Hedging Gains"** means an amount (in USD) equal to the aggregate of any gains to the Issuer (and its affiliates, if any) which would be incurred as a result of terminating, liquidating, transferring, obtaining or re-establishing in whole or in part any swap agreement, financing

arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Note minus any Delivery Fees which have not been paid to the satisfaction of the Issuer acting in good faith and in a commercially reasonable manner."

**SCHEDULE 2**

<u>Reference Entity</u>	<u>Reference Obligation (ISIN)</u>	<u>Seniority</u>	<u>Transaction Type</u>
State of Israel	US46513E5Y48	Not Subordinated	Emerging European and Middle Eastern Sovereign

**SCHEDULE 3**  
**FORM OF PHYSICAL SETTLEMENT NOTICE**

**USD 10,000,000 Credit Linked Notes (the "Notes") due 2024 linked to the State of Israel**

This Physical Settlement Notice is delivered to each Noteholder in accordance with Condition 14(a) (*Notices to Noteholders*) and pursuant to Condition 7(j)(iii) (*Terms relating to Physical Settlement*).

[To: Euroclear Bank SA/N.V. as operator of the Euroclear System Boulevard du Roi Albert II, no 1 B-1210 Brussels Belgium	or:	Clearstream, Luxembourg 67 Boulevard Grande-Duchesse Charlotte Luxembourg-Ville L-1010 Luxembourg
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To: Noteholder

From: HSBC Bank plc (the "**Issuer**")  
8 Canada Square  
London  
E14 5HQ

Expressions defined in the Conditions of the Notes (the "**Conditions**") shall bear the same meanings herein. We, the Issuer, refer to the Credit Event Notice of [insert date of Credit Event Notice] delivered in accordance with Condition 7(j) (*Delivery of a Credit Event Notice*).

We hereby:

- (i) request that you, the Noteholder of the Notes, duly complete and deliver to us an Asset Transfer Notice in the form set out in Schedule 5 to the Pricing Supplement by [insert deadline by which the Issuer must receive the duly completed Asset Transfer Notice]; and
- (ii) confirm that we will redeem the Notes (or such relevant portion thereof, if applicable) by way of Physical Settlement (subject to the occurrence of a Cash Settlement Event in accordance with the Conditions).

It is expected that the Deliverable Portfolio will comprise the following Deliverable Portfolio Constituents:

[insert details].

This Physical Settlement Notice and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law. The courts of England and Wales shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes or any non-contractual obligation which may arise out of or in connection with this Physical Settlement Notice or the Notes and, for these purposes, each of the Noteholder and the Issuer irrevocably submits to the jurisdiction of the courts of England.

Date.....

**SCHEDULE 4**  
**FORM OF ASSET TRANSFER NOTICE**

**USD 10,000,000 Credit Linked Notes (the "Notes") due 2024 linked to the State of Israel**

*When completed, this Asset Transfer Notice should be delivered (i) if the Notes are represented by a Global Note or are in definitive form and held through Euroclear or Clearstream, Luxembourg, in electronic form via EUCLID to Euroclear or via CEDCOM to Clearstream, Luxembourg, (as applicable) with a hardcopy via fax to the Transfer Agent and the Issuer ("Global Note Notice") or (ii) if the Notes are represented by a definitive Note (but not held through Euroclear or Clearstream, Luxembourg) in writing or by fax along with the relevant Notes to the Issuer ("Definitive Note Notice").*

[To: Euroclear Bank SA/N.V. as operator of the Euroclear System  
Boulevard du Roi Albert II, no 1  
B-1210 Brussels  
Belgium] or: Clearstream, Luxembourg  
67 Boulevard Grande-Duchesse  
Charlotte  
Luxembourg-Ville  
L-1010 Luxembourg

To: HSBC Bank plc (the "Issuer")  
8 Canada Square  
London  
E14 5HQ

Tel: [●]

Fax: [●]

Attention: [●]

Fax: [●]

Tel: [●]

Expressions defined in the Conditions of the Notes (the "**Conditions**") shall bear the same meanings herein. Failure to properly complete and deliver this Asset Transfer Notice (in the determination of the Issuer) may result in this Asset Transfer Notice being treated as null and void.

Reference is made to the Physical Settlement Notice of [*insert date of Physical Settlement Notice*] and the Deliverable Portfolio to be delivered pursuant to the Physical Settlement of [the Notes in part][the Notes]\*.

1. **Name(s) and Address(es) of [Accountholder<sup>1</sup>/Noteholder<sup>2</sup>]**

[*insert details*]

2. **Representation, warranty and undertaking; confirmation**

I/We\*, the [Accountholder<sup>1</sup>/Noteholder<sup>2</sup>] specified in 1 below, being the holder of the Note, hereby:

- (i) represent, warrant and undertake to the Issuer and each of its Affiliates that I/We\* am/are\* an Eligible Holder in accordance with the Conditions;
- (ii) confirm that I/We\* have requested [Euroclear/Clearstream, Luxembourg][other relevant clearing system]\* to block my/our\* account; and
- (iii) represent, warrant and undertake to the Issuer and each of its Affiliates that I/We\* am/are\* the sold holder of all of the Notes in issuance (evidence of the same attached hereto).

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<sup>1</sup> Delete if completing Definitive Note Notice

<sup>2</sup> Delete if completing Global Note Notice

3. **Instructions to [Euroclear][Clearstream, Luxembourg]\***

[The Deliverable Portfolio to be delivered comprises Valuation Obligations that are deliverable through [Euroclear/Clearstream, Luxembourg]\* and I/We\* hereby irrevocably authorise and instruct [Euroclear][Clearstream, Luxembourg][other relevant clearing system]\* to deliver the Deliverable Portfolio to the following account:

At: [•]  
Swift: [•]  
ABA: [•]  
Beneficiary: [•]  
Swift: [•]  
Account Number: [•]

[The Deliverable Portfolio to be delivered comprises Valuation Obligations that are not deliverable through [Euroclear/Clearstream, Luxembourg]\* and I/We\* hereby irrevocably authorise and instruct the Issuer to deliver such Valuation Obligations in accordance with the following instructions, subject to my/our\* production to the Issuer's satisfaction in its sole and absolute discretion of all necessary consents or authorisations (including but not limited to those requested or required by any applicable designee) with respect thereto as requested by the Issuer:

*[insert alternative delivery instructions];\**

4. **Name and address of person from whom details may be obtained for the delivery of the Deliverable Portfolio**

*[insert details]*

5. **[Notes Account at relevant Clearing System]<sup>1</sup>**

My/our\* Notes accounts with *[insert name of relevant Clearing System, if applicable]* is:

[Euroclear/Clearstream, Luxembourg]\*

No:

Name: ]

6. **Delivery Fees**

I/We\* hereby irrevocably undertake to pay all Delivery Fees in respect of the Deliverable Portfolio [and irrevocably authorise Euroclear/Clearstream, Luxembourg\* to debit specified account at Euroclear/Clearstream, Luxembourg\* in respect thereof and to pay such Delivery Fees].

7. **Governing law and jurisdiction**

This Asset Transfer Notice and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law. The courts of England and Wales shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes or any non-contractual obligation which may arise out of or in connection with this Asset Transfer Notice or the Notes and, for these purposes, each of the Noteholder and the Issuer irrevocably submits to the jurisdiction of the courts of England.

Date.....