



THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

*(a company incorporated in Hong Kong with limited liability,
a licensed bank regulated by the Hong Kong Monetary Authority and
registered under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
for Types 1, 2, 4, 5, 6 and 9 regulated activities)*

as Issuer

**Unlisted Structured Products Programme
(Programme)**

The Hongkong and Shanghai Banking Corporation Limited

as Product Arranger to the Programme

Our unlisted structured products issued under this Programme are NOT equivalent to time deposits. They are embedded with derivatives. Investors may sustain a total loss in their investment.

If you are in any doubt about any of the contents of the structured products offering documents or your investment in our structured products, you should consult a licensed securities dealer, bank manager, solicitor, certified public accountant or other professional adviser to seek independent professional advice.

The Securities and Futures Commission (“SFC”) has authorised the issue of this programme memorandum under Section 105(1) of the Securities and Futures Ordinance. The SFC takes no responsibility for the contents of this programme memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this programme memorandum. The SFC’s authorisation does not imply its endorsement or recommendation of the structured products referred to in this programme memorandum.

IMPORTANT

Before you decide whether to invest in our structured products, you should read this programme memorandum, the financial disclosure document, the relevant product booklet (including any addendum to these documents as specified in the relevant indicative term sheet) and the relevant indicative term sheet (together, the “**structured products offering documents**”) and ensure that you fully understand and are willing to assume the risks associated with such an investment. References to “**term sheet**” in this programme memorandum mean both the indicative term sheet and the final term sheet unless otherwise specified. The structured products offering documents in respect of a series of structured product are available from your distributor(s) and from the offices of The Hongkong and Shanghai Banking Corporation Limited at Level 20, HSBC Main Building, 1 Queen’s Road Central, Hong Kong.

If you are in any doubt about any of the contents of this programme memorandum, you should obtain independent professional advice.

You are warned that the market value of our structured products may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of our structured products and carefully study the risk warnings set out in this programme memorandum and other structured products offering documents and, where necessary, seek independent professional advice, before you decide whether to invest in our structured products.

Our structured products offering documents include particulars given in compliance with the Code on Unlisted Structured Investment Products issued by the SFC (the “**Code**”) for the purpose of giving information with regard to The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**” or the “**Bank**”) as the issuer, HSBC as the product arranger, the Programme and our structured products. The issuer and the product arranger collectively and individually accept full responsibility for the contents of, and the completeness and accuracy of the information contained in the structured products offering documents and confirm, having made all reasonable enquiries, that to the best of the knowledge and belief of the issuer and the product arranger, there is no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading. The issuer and the product arranger confirm that the structured products comply with the Code. The issuer also confirms that it meets the eligibility requirements applicable to issuers set out in the Code and the product arranger confirms that it meets the eligibility requirements applicable to product arrangers set out in the Code. HSBC is the “product arranger” for the purposes of the Code.

Our structured products constitute general, unsecured and unsubordinated contractual obligations of HSBC (as issuer) and of no other person. If you invest in our structured products, you are relying upon HSBC’s creditworthiness.

A Chinese version of this programme memorandum is also available from your distributor(s) and from the offices of The Hongkong and Shanghai Banking Corporation Limited at Level 20, HSBC Main Building, 1 Queen’s Road Central, Hong Kong.

本計劃備忘錄的中文版本可於閣下的分銷商及香港上海滙豐銀行有限公司之辦事處(地址為香港皇后大道中1號滙豐總行大廈20樓)索取。

For the purpose of this programme memorandum and where the context requires, “**PRC**” or “**mainland China**” shall refer to the People’s Republic of China.

Our structured products are not available to any person that is (or for sale to or for the account or benefit of any person who is), (a) a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended), (b) a U.S. person as defined in 17 C.F.R. § 23.23(a)(23) (a “**CFTC U.S. Person**”) or (c) a “United States person” as defined in U.S. Executive Order 13959, as amended by U.S. Executive Order 14032 (“**E.O. 13959 U.S. Persons**”), to the extent that the underlyings for the relevant structured products include equities the purchase or sale of which is restricted by E.O. 13959 (as amended).

E.O. 13959 U.S. Persons are restricted from purchasing or selling the structured products (to the extent the underlyings include E.O. 13959 restricted equities) after the effective date of the E.O. 13959 (as amended) restrictions applicable to those equities and investors should seek their own independent legal advice regarding compliance with E.O. 13959 (as amended).

IMPORTANT RISK WARNINGS

The following risks should be read together with the other risks contained in (i) the “Risk Warnings” section in this programme memorandum; (ii) the “Risk Warnings” section in the relevant product booklet; and (iii) the “Important Risk Warnings” section in the relevant key facts statement and the relevant term sheet.

- **Embedded derivatives**

Our structured products are NOT equivalent to time deposits. They are embedded with derivatives.

- **Our structured products may be 100% principal protected, may be partially principal protected or may not be principal protected**

Where a series of our structured products are issued in the form of investments, such structured products will not be principal protected and the potential payout under such structured products at expiry may be less than the principal amount of the structured products.

Where a series of our structured products are issued in the form of notes, such structured products may be 100% principal protected or partially principal protected. Where a series of our structured products are issued in the form of notes which are partially principal protected, the potential payout at maturity may be less than the principal amount of the notes but will not be less than the portion of the principal amount of the notes which is specified to be principal protected in the term sheet of the relevant series of our structured products. Where a series of our structured products are issued in the form of notes which are 100% principal protected, the potential payout at maturity will not be less than 100% of the principal amount of the notes.

- **Any principal protection is conditional and dependent on HSBC’s creditworthiness**

You should note that with respect to structured products in the form of notes that are 100% or partially principal protected, the principal protection is provided by HSBC as issuer and such principal protection is not guaranteed by any party. **You should also note that any such principal protection is conditional (e.g. the structured products are principal protected if they are held until maturity) and is dependent on HSBC’s creditworthiness.**

If HSBC as issuer defaults on its obligations under the structured products, regardless of whether our structured products are 100% principal protected, partially principal protected or not principal protected, in the worst case scenario, **you could lose all of your investment.**

- **No collateral**

Our structured products are not secured on any of our assets or any collateral.

- **Limited market making arrangements are available and you may make a loss if you sell your structured products before maturity or expiry**

Our structured products are designed to be held to their maturity (in the case of structured products issued in the form of notes) or expiry (in the case of structured products issued in the form of investments). Limited market making arrangements are available on a bi-weekly basis for all our structured products. If you try to sell your structured products before maturity or, as the case may be, expiry, the amount you receive for each structured product may be substantially less than the issue price you paid for each structured product.

- **Not the same as investment in the reference underlying**

Investing in our structured products is not the same as investing in the reference underlying(s) to which the structured product is linked. Changes in the market price or level of the reference underlying(s) may not lead to any corresponding change in the market value of, or your potential payout under, our structured products.

- **Not covered by Investor Compensation Fund**

Our structured products are not listed on any stock exchange and are not covered by the Investor Compensation Fund.

- **Maximum loss upon HSBC's default or insolvency**

Our structured products constitute general, unsecured and unsubordinated contractual obligations of HSBC as issuer and of no other person (including the ultimate holding company of our group, HSBC Holdings plc). When you buy our structured products, you will be relying on HSBC's creditworthiness. Regardless of whether our structured products are principal protected or not, if HSBC becomes insolvent or defaults on its obligations under the structured products, in the worst case scenario, **you could lose all of your investment.**

- **English version of the terms and conditions prevails over Chinese version**

The global certificate representing a series of our structured products and the terms and conditions of our structured products are issued in the English language only for the purposes of lodgement with the relevant clearing system(s). If there is any inconsistency between the Chinese version of the terms and conditions of our structured products and the English version, the English version will prevail over the Chinese version. If you do not understand the English version, you should obtain independent professional advice.

- **Conflicts of interest**

We and our subsidiaries may engage in transactions involving any reference underlying(s), the issuer(s) or index compiler(s) of the reference underlying(s) or asset(s) constituting the reference underlying(s). Such transactions may have a negative impact on the market value and the potential payout of our structured products. We (HSBC) are the issuer and the product arranger of the Programme, we (HSBC) are the market agent and we (HSBC) may also be a distributor for our structured products. Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our structured products. Our economic interests in each role may be adverse to your interests in our structured products.

- **You do not have direct contractual rights to enforce our structured products against us as issuer**

You do not have direct contractual rights to enforce our structured products against us as issuer. To assert your rights as an investor in our structured products, you will have to rely on your distributor (directly or indirectly via its custodian) to take action on your behalf. If your distributor or its custodian fails to take action against us on your behalf, you may (i) take action against your distributor in accordance with the agreement between you and your distributor; and/or (ii) take action against your distributor's custodian by establishing a claim against the distributor's custodian; and/or (iii) take action against us as issuer by establishing a claim against us, referencing the contractual and agency relationship between you and your distributor, the contractual relationship between your distributor and its custodian (if any) and the contractual relationship between us (as issuer) and your distributor or its custodian. You may only have a claim as an unsecured creditor of your distributor, its custodian or us as issuer. **In the worst case scenario, you could lose all your investment.**

We as issuer cannot give you investment advice; you must decide for yourself, after seeking independent professional advice, whether our structured products meet your investment needs.

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OVERVIEW OF OUR PROGRAMME

We have set up our Programme so that we can issue our structured products to the public in Hong Kong frequently and easily. This is an overview of the main features of our Programme.

Issuer:	The Hongkong and Shanghai Banking Corporation Limited	
Issuer's current credit ratings:	Credit ratings (as at the date of this programme memorandum):	
	S&P Global Ratings ("S&P")	AA- (Outlook: Stable)* (AA- is among the top three major credit rating categories and is the fourth highest investment-grade ranking of the ten investment-grade ratings (including + or - sub-grades assigned by S&P))
	Moody's Investors Services, Inc. ("Moody's")	Aa3 (Outlook: Stable)* (Aa3 is among the top three major credit rating categories and is the fourth highest investment-grade ranking of the ten investment-grade ratings (including 1, 2 or 3 sub-grades assigned by Moody's))

* The above ratings and ratings outlook relate to the Issuer's senior long-term debt ratings.

The credit ratings listed above are provided for your reference only and do not imply the rating agency's endorsement or recommendation of our structured products.

Rating agencies usually receive a fee from the issuers that they rate: there may therefore be potential conflict of interests.

A credit rating is forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the structured products;
- a credit rating is not an indication of liquidity or volatility;
- credit ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- a high credit rating is not indicative of low risk; and
- a credit rating may be downgraded if the credit quality of the issuer declines.

There can be no assurance that any rating will remain in effect for any given period or that any rating will not be revised by the relevant rating agency in the future. You may find our latest credit rating on our website: <https://www.hsbc.com/investors/fixed-income-investors/credit-ratings>. Our credit ratings as of the date of this programme memorandum are provided for reference only. You should also note that any downgrade of our rating by any credit rating agency could result in a reduction in the market value of our structured products. You should make your own assessment of our ability to meet our obligations under the structured products and consult your investment adviser(s) if necessary.

Please see the Appendix for further information on credit ratings.

Ratings of our structured products:

Our structured products are not rated.

Description of Programme:

Unlisted structured products programme.

Nature of structured products:

Structured products are embedded with derivatives. Derivatives are financial instruments, the value and return of which would depend on the performance, the price or the level of their reference underlying(s). The type of reference underlying(s) and derivatives embedded in a structured product will be described in the relevant product booklet.

Form of our structured products:

Our structured products will be issued in registered form. Our structured products may be issued in the form of notes or investments.

Registered form:

Each series of our structured products will be represented by a single global certificate registered in the name of the nominee for the relevant clearing system. The terms and conditions of the structured products as set out in the relevant product booklet will specify whether the register of the holders of our structured products will be kept by the principal registrar or the alternative registrar. We (as issuer) and the principal registrar or, as the case may be, the alternative registrar will treat the nominee as the absolute owner and holder of the structured products.

As we will not issue individual certificates for our structured products, you must arrange for your distributor to hold the structured products in your securities or investment account with your distributor.

Notes:

Our structured products may be issued in the form of notes. A note is an instrument evidencing a debt owed by us as issuer to the holder of the note.

We will issue structured products in the form of notes where any amounts payable at maturity or during the term of the structured products (including principal amount and/or coupon(s)) are fixed on the trade date of the structured products and the payment of such fixed amounts is not contingent upon the occurrence of any future events, the exercise of certain rights by the holder of the structured products and/or the performance of the reference underlying(s).

By way of an example only, with respect to notes which are specified to be 60% principal protected (i.e. partially principal protected), the amount which an investor will receive at maturity under such notes will not be less than 60% of the principal amount of the notes and payment of such amount at maturity will not be contingent upon the occurrence of any future events, the exercise of certain rights by the holder of the notes and/or the performance of the reference underlying(s).

You should note that if a series of our structured products is issued in the form of notes and in Hong Kong dollars, Hong Kong stamp duty is payable on the transfer of such structured products. Hong Kong stamp duty is not applicable on the issue or transfer of structured products that are issued in the form of notes and in a currency other than Hong Kong dollars. Please refer to the section headed “Taxation” on pages 23 to 25 of this programme memorandum for further details.

Investments:

Our structured products may be issued in the form of investments. We will issue structured products in the form of investments where all of the amounts payable at expiry and during the term of the structured products (including principal amount and coupon(s) (if any)) are not fixed on the trade date of the structured products and the payment of all such amounts are contingent upon the occurrence of certain future events, the exercise of certain rights by the holder of the structured products and/or the performance of the reference underlying(s).

By way of an example only, we may issue an investment where coupon will only be payable if the closing price of the reference underlying(s) is above a certain specified price on the specified valuation date. At expiry what the investor will receive will depend on the closing price of the reference underlying(s) on the final valuation date. In such case, if (i) the closing price of the reference underlying(s) on the specified valuation date is at or above the specified price, investors will receive the coupon; and (ii) the closing price of the reference underlying(s) on the final valuation date is at or above a certain specified price, investor will receive a payment equal to 100% of the principal amount of the investments. However, if (i) the closing price of the reference underlying(s) on the specified valuation date is below the specified price, investor will not receive the coupon and (ii) the closing price of the reference underlying(s) on the final valuation date is below a certain specified price, investor will receive a number of the reference underlying(s).

Transfer of structured products that are issued in the form of investments are not subject to Hong Kong stamp duty.

Irrespective of whether our structured products are issued in the form of notes or investments, the ranking of our structured products and the investors’ rights against us as issuer shall not differ. The product booklet for the relevant structured products will specify whether the structured products are issued in the form of notes or in the form of investments.

Transfer:

You may transfer your structured products (whether issued in the form of notes or in the form of investments) to any third party without the issuer’s prior consent. Our structured products are designed to be held to their maturity or expiry (as the case may be) and there will be limited market making arrangements for our structured products (please refer to “Market making arrangement” on page 9 of this programme memorandum for further details).

Product booklet:

We will issue a product booklet for each type (depending on the legal form, the reference underlying(s) and/or the payout at maturity or expiry (as the case may be)) of structured products that we issue. The general terms and conditions that apply to each type of structured products that we can issue under our Programme will be set out in the relevant product booklet.

How we issue:

Our structured products will be offered in series. Each series of structured products will have specific terms and conditions that are applicable to that series only.

You can buy our structured products through the distributors specified in the relevant term sheet.

Currencies:	We may issue structured products in Hong Kong dollars, Renminbi, US dollars or other non-restricted and freely convertible currencies. We will specify the currency of our structured products in the relevant term sheet.
Ranking of our structured products:	Our structured products (whether issued in the form of notes or in the form of investments) rank as our general, unsecured and unsubordinated contractual obligations, and are not secured on any assets or collateral.
Product arranger:	<p>The Hongkong and Shanghai Banking Corporation Limited arranges the establishment of our Programme and performs administrative functions such as assisting us (as issuer) with the appointment of the agent and the registrars. Please refer to the section headed “We have appointed an agent, a principal registrar and an alternative registrar for administrative functions.” on pages 13 to 14 of this programme memorandum for further details on the functions of the agent, the principal registrar and the alternative registrar.</p> <p>The Hongkong and Shanghai Banking Corporation Limited is registered under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) for Types 1, 2, 4, 5, 6 and 9 regulated activities.</p> <p>The Hongkong and Shanghai Banking Corporation Limited is the “Product Arranger” for the purposes of the Code.</p>
Minimum investment amount:	We will specify the minimum investment amount for our structured products in the relevant term sheet.
Minimum transfer amount:	Transfer of any interest in our structured products (whether issued in the form of notes or in the form of investments) will be effected only in an amount equal to the minimum transfer amount of our structured products as specified in the relevant term sheet.
Governing law:	Hong Kong law governs our structured products and our Programme.
Listing:	Our structured products will not be listed on any stock exchange.
Post-sale cooling-off period:	The relevant term sheet will specify if a post-sale cooling-off period is applicable to a particular series of our structured products. Post-sale cooling-off period only applies to our structured products with an investment period of more than one year.
Market making arrangement:	Our structured products are designed to be held to their maturity (in the case of structured products issued in the form of notes) or expiry (in the case of structured products issued in the form of investments). Limited market making arrangements are available on a bi-weekly basis for all our structured products. The relevant product booklet and the relevant term sheet will specify the market making arrangements applicable to a particular series of the structured products.

OUR PROGRAMME — MAIN FEATURES

Our structured products, which may be in the form of notes or investments, will be issued and sold under our Programme. Our Programme was authorised and approved by resolutions of our executive committee on 2 May 2012. The main features of our Programme are set out in this section.

Offering documentation for our structured products

The following documents constitute our structured products offering documents. **You should read all of these documents (including any addendum to the programme memorandum, the financial disclosure document and/or the product booklet as specified in the relevant indicative term sheet) before deciding whether to invest:**

- This **programme memorandum** gives you an overview of our Programme and our structured products, the general risks associated with investing in our structured products and the risks relating to the issuer and provides corporate information about us (as issuer and product arranger).
- The **financial disclosure document** contains our latest financial information, including our audited consolidated financial statements and unaudited interim consolidated financial statements (if any).
- The **product booklet** for each type of structured products issued by us will set out the key facts statement(s) for each type of structured products offered, the nature of the structured products, whether the structured products are issued in the form of notes or investments, the general terms and conditions, the product features, risk factors and the standard form of the indicative and final term sheet and the standard form of pricing supplement applicable to that type of structured products.
- The **indicative term sheet** that we prepare for each series of structured products will contain a summary of the legally binding terms and conditions of the structured products and the specific commercial terms that are applicable to that series of structured products. In respect of a series of structured products, certain terms may only be determined after the offer period and these may only be expressed in a percentage or range of percentages in the relevant indicative term sheet at the time when you apply for the structured products.

The finalised terms of the structured products will be set out in the relevant final term sheet which will be made available to investors upon request and kept on display at the office of the product arranger while the structured products are in issue. The final term sheet does not form part of our structured products offering documents.

- **The offer of each series of structured products is made only on the basis of this programme memorandum, the financial disclosure document, the relevant product booklet (together with any addendum to each document as specified in the relevant indicative term sheet) and the relevant indicative term sheet.**

Terms and conditions of our structured products

The following documents set out the legally binding terms and conditions of our structured products:

- (i) **General terms and conditions:** the general terms and conditions that are applicable to the relevant type of structured products will be set out in the relevant product booklet. These general terms and conditions may be amended and supplemented by the specific terms that are applicable to a series of structured products, as set out in the relevant pricing supplement.
- (ii) **Pricing Supplement:** for each series of structured products, we will prepare a pricing supplement. A global certificate representing such series of structured products incorporating by reference the general terms and conditions, as amended and supplemented by the applicable pricing supplement relating to the relevant series of our structured products, will be lodged with the relevant clearing system. The pricing supplement will set out the specific commercial terms that are applicable to a particular series of structured products. The commercial terms contained in the pricing supplement of a series of

structured products will reflect the same commercial terms as set out in the relevant final term sheet for that series. The pricing supplement (in both English and Chinese language versions) for each series of structured products will be available for inspection at the offices of the product arranger and the relevant distributors on or after the relevant issue date.

When read together, the general terms and conditions in the relevant product booklet and the relevant pricing supplement will constitute the full terms and conditions applicable to the relevant series of structured products. The full terms and conditions applicable to the relevant series of structured products (in both English and Chinese language versions) will be available for inspection at the offices of the product arranger and the relevant distributors on or after the relevant issue date.

A contract note prepared by your distributor containing all the finalised commercial terms that apply to your structured products will be sent to you by your distributor within two Hong Kong business days after the trade date of the structured products.

We will not issue individual certificates for our structured products. Our structured products must be held through a distributor.

- Each series of our structured products will be represented by a single global certificate in registered form.
- If the relevant term sheet specifies that the clearing system for the relevant series of our structured products is the Central Clearing and Settlement System (“CCASS”) operated by the Hong Kong Securities Clearing Company Limited, a global certificate representing the entire issue size for such series of structured products will, upon issuance, be registered in the name of HKSCC Nominees Limited and HKSCC Nominees Limited will be the legal holder of the relevant series of our structured products (a “**structured product holder**”). Our structured products will then be credited to the Clearing Participant or Custodian Participant accounts of the relevant distributor (or its custodian) with CCASS in accordance with the arrangements between such distributor (or its custodian) and CCASS. Please ask your distributor for further details. Although individual investors may, in certain circumstances, open a personal account as an Investor Participant account with CCASS, the relevant distributors have agreed that they will not allot our structured products to any Investor Participant account with CCASS.
- If the relevant term sheet specifies that the clearing system(s) for the relevant series of our structured products is Euroclear and/or Clearstream, Luxembourg, which are international securities clearing systems, a global certificate representing the entire issue size for such series of structured products will, upon issuance, be registered in the name of a nominee for Euroclear and/or Clearstream, Luxembourg and such nominee will be a structured product holder of the relevant series. Our structured products will then be credited to the accounts of the relevant distributor (or its custodian) with Euroclear and/or Clearstream, Luxembourg. Individual investors cannot open a personal account at Euroclear and/or Clearstream, Luxembourg.
- As we will not issue individual certificates for our structured products, you must arrange for your distributor to hold the structured products in your securities or investment account with your distributor. Your distributor will hold the structured products for you, directly or through its custodians, in accounts at Euroclear or Clearstream, Luxembourg, or CCASS. Such distributor or custodian having an account at Euroclear or Clearstream, Luxembourg or CCASS in which your structured products are held are referred to as the “**Accountholder**” in this programme memorandum. As an individual investor, you will not be an Accountholder.
- Unless you already have one, you will have to open a securities or investment account with a distributor before you can buy our structured products. Securities or investment accounts and other services will be supplied by your distributor subject to its standard terms and conditions. We, as issuer, are not responsible for the way your distributor handles your account. (This does not of course affect your position where we act as your distributor.) You should ensure you are familiar with the standard terms and conditions, including fees, which your distributor will apply to your account. Ask your distributor to explain if you are not familiar with these arrangements. **You should note that your potential return or loss on an investment in our structured products will be affected by charges levied by your distributor.**

- In the unlikely event that the clearing system(s) close down, we will issue individual certificates for our structured products, but we will not issue individual certificates otherwise. The registrars' and structured product agency agreement provides in detail for the arrangements which will apply in the unlikely event that individual certificate has to be issued. You can read the registrars' and structured product agency agreement by going to the offices of the product arranger — please refer to page 27 of this programme memorandum for further details. If we need to issue individual certificates for our structured products, we will give a notice to the distributors summarising the arrangements as soon as practicable and the distributors will in turn inform you.
- When issued, our structured products have the benefit of a **deed of covenant** executed by us on 23 July 2012 in favour of the Accountholders in the relevant clearing system(s) which have been credited with interests in the global certificate. The deed of covenant entitles the Accountholder to take action against us directly to enforce their rights under the structured products if the global certificate becomes void (for example, where no individual certificates are issued after the clearing system(s) close down or in the event we, as issuer, become insolvent or default on our obligations under our structured products).
- The deed of covenant will be kept on display in the offices of the product arranger during the offer period for every series of our structured products, during the period between the trade date and issue date of every series of our structured products and while any of our structured products remain outstanding. Please refer to the section headed "Other information about our Programme" on pages 26 to 28 of this programme memorandum for details.
- As your distributor or its custodian, as the case may be, will be the Accountholder of the structured products that you invested in and only the Accountholder has the benefit of the deed of covenant, in order therefore to assert your rights as an investor in our structured products, you will have to rely on your distributor to take action (directly or indirectly via its custodian) on your behalf.

If your distributor or its custodian fails to take action against us on your behalf, you may (i) take action against your distributor in accordance with the agreement between you and your distributor; and/or (ii) take action against your distributor's custodian by establishing a contractual claim against the distributor's custodian; and/or (iii) take action against us as issuer by establishing a contractual claim against us, referencing the contractual and agency relationship between you and your distributor or its custodian and the contractual relationship between us (as issuer) and your distributor or its custodian. You only have a claim as an unsecured creditor of your distributor, its custodian or us as issuer.

It is therefore important that you familiarise yourself with, and ensure you understand your relationship with your distributor or its custodian in relation to the holding arrangements of our structured products and the arrangements with your distributor or its custodian regarding taking action against your distributor, your distributor's custodian (if any) or against us upon any default of our obligations under the structured products. (This does not of course affect your position where we also act as your distributor).

If you do not understand such arrangements with your distributor or its custodian or you would like to know the steps to enforce your rights under the structured products, you should obtain independent advice.

We will make payments, deliver securities or other assets and send notices through the clearing system(s).

Individual investors cannot open a personal account at Euroclear or Clearstream, Luxembourg or CCASS for the purposes of holding our structured products. Your distributor will hold your structured products for you, directly or through its custodian, in an account at Euroclear or Clearstream, Luxembourg or CCASS.

- *We, as issuer, will make payments, deliver securities or other assets due under our structured products through the clearing system(s)*

We, as issuer, will make any payments, deliver securities or other assets due under our structured products to the relevant clearing system(s). This is because the legal holder of our structured products as appearing on the register of holders is HKSCC Nominees Limited (if the relevant clearing system

is CCASS) or the common nominee for Euroclear and Clearstream, Luxembourg (if the relevant clearing system(s) is Euroclear and/or Clearstream, Luxembourg), as the case may be.

Once we have done so, you will have to rely (i) on the clearing system(s) to credit the accounts of the distributor (or its custodian) with the relevant payment and/or delivery; (ii) on the custodian of the distributor (if any) to credit the account of the distributor with the relevant payment and/or delivery and (iii) on your distributor to ensure that such payment and/or delivery due under your structured products is credited through to your account with your distributor. You are therefore exposed to the risk of failure by the clearing system to credit the relevant payment and/or delivery to the relevant Accountholders and your distributor (or its custodian) to forward the relevant payment and/or delivery to you, respectively, and the risk of your distributor (or its custodian) becoming insolvent or defaulting on its obligations under the terms of the relevant account keeping or custodian agreement.

You should note that we may make payments and deliver securities or other assets due under our structured products through separate clearing system(s) — if physical settlement is applicable, we will deliver the relevant securities or other assets due under our structured products through the applicable clearing system through which transfers of the relevant securities or other assets are customarily settled (being CCASS if the security or asset is listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”)) and we will make cash payments due under our structured products through the relevant clearing system of the structured products (which may be Euroclear and/or Clearstream, Luxembourg or CCASS as specified in the relevant term sheet).

- *Notices will also be sent through the clearing system(s)*

Any notices we give after the structured products are issued will be given via the relevant clearing system(s): we (as issuer) will arrange for the notice to be sent to Euroclear and/or Clearstream, Luxembourg or CCASS and you will have to rely on the relevant clearing system(s) to forward the notice to the Accountholders, the custodian of your distributor (if any) to forward the notice to your distributor and your distributor to ensure that the notice is forwarded to you.

- *Any payments and/or deliveries or notices to us will have to be made or sent through your distributor*

You will have to rely on your distributor to forward any payments and/or deliveries or notices to be made or delivered to us.

We, as issuer, will make determinations and exercise discretion under the terms and conditions of our structured products.

- We, as issuer, have the sole and absolute discretion in making all determinations and exercising all discretion under the legal documentation. Any decision we make will be made in good faith and in a commercially reasonable manner and is final and binding on you and on us and any other parties involved in the structured products.

We have appointed an agent, a principal registrar and an alternative registrar for administrative functions.

Administrative matters relating to all our structured products are dealt with in the **registrars’ and structured product agency agreement** dated 23 July 2012 (as amended and/or supplemented from time to time), pursuant to which The Hongkong and Shanghai Banking Corporation Limited has agreed to act in the capacity of the issuer’s agent and alternative registrar and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch is appointed as our principal registrar.

This agreement sets out the arrangements between the issuer, the issuer’s agent, the principal registrar and the alternative registrar for:

- making any payments and delivery of securities or other assets due under our structured products
- giving notices to the structured products holder

- issuing individual certificates for structured products, in the unlikely event that we ever need to do so
- keeping the register of the structured products holder in Singapore or, if required, in Hong Kong and dealing with other administrative matters.

HSBC (in its capacity as the issuer's agent and alternative registrar) and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as principal registrar owe no duties to you as investors in our structured products.

Each offer of structured products is arranged under distributor appointment agreements.

- We may act as a distributor and sell our structured products to you as a principal or we may enter into distributor appointment agreements with the distributors appointed for each series of our structured products for the offering of the structured products to the retail public in Hong Kong. Such distributors may: (i) purchase the structured products from us as principal and on sell such structured products to you as principal (i.e. you are buying the structured products from your distributor), in which case, if your distributor fails to fulfil its obligation to sell the structured products to you for any reason in accordance with the agreement between you and your distributor, you will have to take action against your distributor; or (ii) purchase the structured products from us acting as your agent (i.e. your distributor is buying the structured products from us on your behalf), in which case, if we fail to fulfil our obligation to sell the structured products to your distributor (as your agent), you will have to take action against us directly in respect of our obligation to sell the structured products.
- Your relationship with your distributor is governed by the customer agreement you sign with the relevant distributor and is not controlled by us as issuer or by anything in this programme memorandum, any product booklet or term sheet. With such arrangement, you have to rely on your distributor to distribute notices, deliver securities or other assets and make payments due under the structured products to you and to take action against us (as issuer). We (as issuer) will not be responsible for any failure or delay on the part of the distributor (or its custodian) in doing so, and we (as issuer) will not be responsible for your loss and will not be providing any indemnity to you if the relevant distributor or its custodian defaults or becomes insolvent. (This does not of course affect your right against HSBC in its capacity as distributor where HSBC is acting as your distributor for the relevant structured products.) Ask your distributor to explain if you are not familiar with these arrangements.
- The distributor appointment agreements record the detailed arrangements between us and the distributors involved in offering our structured products: you do not, as investors in structured products, have any rights under these agreements.
- If these agreements, as they apply to any particular offering of our structured products, contain information which is relevant to you as investors in the structured products, we will disclose it in the relevant product booklet or the relevant term sheet.

RISK WARNINGS

- **There are risks associated with investing in our structured products**

Your investment in our structured products involves risks, including those inherent in any investment. You should read this section together with the “Important Risk Warnings” section on pages 3 to 4 of this programme memorandum and the risk factors set out in the relevant product booklet and indicative term sheet, and ensure that you understand the nature of all these risks before deciding whether to invest in our structured products.

- **The Bank Group is likely to be affected by global economic and geopolitical trends, including the risk of government intervention**

While economic globalisation appears to remain deeply embedded in the international system, it is increasingly challenged by nationalism and protectionism, and international institutions such as HSBC and its subsidiaries (the “**Bank Group**”) may be less capable of arresting this trend. A dispersion of global economic power from the United States (the “**U.S.**”) and Europe towards the PRC and emerging markets appears to be occurring, providing a backdrop for greater U.S.-PRC competition.

A rise in nationalism and protectionism, including trade barriers, may be driven by populist sentiment and structural challenges facing developed economies. Similarly, if capital flows are disrupted, some emerging markets may impose protectionist measures that could affect financial institutions and their clients, and other emerging, as well as developed, markets, may be tempted to follow suit. This rise could contribute to weaker global trade, potentially affecting the Bank Group’s traditional lines of business.

The Bank Group’s geographic coverage will make it and its customers susceptible to protectionist measures taken by national governments and authorities, including imposition of trade tariffs, restrictions on market access, restrictions on the ability to transact on a cross-border basis, expropriation, restrictions on international ownership, interest rate caps, limits on dividend flows and increases in taxation.

There may be uncertainty as to the conflicting nature of such measures, their duration, the potential for escalation, and their potential impact on global economies. Whether these emerging trends are cyclical or permanent is hard to determine, and their causes are likely to be difficult to address. The occurrence of any of these events or circumstances could have a material adverse effect on the Bank Group’s business, financial condition, results of operations and prospects.

- **Risks relating to the impact of COVID-19**

The COVID-19 pandemic and its effect on the global economy have impacted the Bank Group’s customers and performance, and the future effects of the pandemic are uncertain. The COVID-19 pandemic necessitated governments to respond at unprecedented levels to protect public health, local economies and livelihoods. It has affected regions at different times and varying degrees as it has developed. The varying government support measures and restrictions imposed in response to the COVID-19 pandemic have added challenges, given the rapid pace of change and significant operational demands. The speed at which countries and territories will be able to unwind the government support measures and restrictions and return to pre-COVID-19 economic levels will vary based on the levels of infection, local governmental decisions and access to and ability to roll out vaccines. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus. Renewed outbreaks emphasise the ongoing threat of COVID-19 even in countries that have recorded lower than average cases so far.

Government restrictions imposed around the world to limit the spread of COVID-19 resulted in a sharp contraction in global economic activity during 2020. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the second half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from

COVID-19 being achieved by the end of 2021 and government restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as individual markets return to pre-pandemic levels of activity.

A recovery in economic activity in the Bank Group's major markets is currently expected in 2021, but the level of such recovery is contingent on the successful containment of the virus and the evolution of other top risks such as the tensions between the U.S. and the PRC. It also relies on the willingness and ability of households and businesses to return towards pre-COVID-19 spending levels.

There is a material risk of a renewed drop in economic activity. The economic fallout from the COVID-19 pandemic risks increasing inequality across markets that have already suffered from social unrest. This leaves the burden on governments and central banks to maintain or increase fiscal and monetary stimulus. After financial markets suffered a sharp fall in the early phases of the spread of COVID-19, they rebounded but still remain volatile. Depending on the degree to which global economic growth suffers permanent losses, financial asset prices may suffer a further sharp fall.

Depending on the time taken for economic activity to return to previous levels, there could be further adverse impacts on the Bank Group's income due to lower lending and transaction volumes and lower wealth and insurance manufacturing revenue due to equity market volatility and weakness. Lower or negative interest rates globally will increase the cost of guarantees for insurance manufacturing, and there could also be adverse impacts on other assets, such as the Bank Group's investment in Bank of Communications Co., Limited, goodwill and other intangible assets.

The COVID-19 pandemic may also have material impacts on capital and liquidity. This may include downward customer credit rating migration, which could negatively impact the Bank Group's risk weighted assets ("RWAs") and capital position, and potential liquidity stress due, among other factors, to increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity.

Governments and central banks in major economies have deployed extensive measures to support their local populations. Measures implemented by governments included income support to households and funding support to businesses. Central bank measures included cuts to policy rates, support to funding markets and asset purchases. These measures are being extended in countries where further waves of the pandemic are prompting renewed government restrictions. Central banks are expected to maintain low interest rates for a considerable period of time as inflation remains contained and the debt burden of governments is expected to rise significantly.

The Bank Group has initiated market-specific measures to support its personal and business customers through these challenging times. These have included mortgage assistance, payment holidays, the waiving of certain fees and charges, and liquidity relief for businesses facing market uncertainty and supply chain disruption. The Bank Group is also working closely with governments, and providing support to national schemes that focus on the parts of the economy most impacted by COVID-19.

It is recognised that all of the above measures and actions, and the Bank Group's responses to those, expose the Bank Group to heightened risks. The rapid introduction and varying nature of the government support schemes, as well as customer expectations, has led to risks as the Bank Group implements large-scale changes in a short period of time. This has led to increased operational risks, including complex conduct considerations, increased reputational risk and increased risk of fraud. These risks are likely to be heightened further as and when those government support schemes are unwound.

In many of the Bank Group's markets, the COVID-19 pandemic has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher expected credit losses ("ECL") reserves. Furthermore, ECL may also increase from other parts of the Bank Group's business impacted by the disruption to supply chains. The impact will vary by sectors of the economy. The impact of the COVID-19 pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates. In addition, in times of crisis, fraudulent activity is often more prevalent, leading to potentially significant credit or operational losses.

The significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 have also impacted the performance of financial models. These include retail and wholesale credit models such as Hong Kong Financial Reporting Standards loss models, as well as capital models, traded risk models and models used in the asset/liability management process. This has required more ongoing monitoring and more frequent testing across the Bank Group, particularly for credit models. It also has resulted in enhanced and more frequent loss model monitoring and the use of compensating controls, specifically management judgemental adjustments based on the expert judgement of senior credit risk managers.

Central banks have reduced interest rates in most financial markets due to the adverse impact of the COVID-19 pandemic on the path for economic recovery, which in turn increased the likelihood of negative interest rates. This raises a number of risks and concerns, such as the readiness of the Bank Group's systems and processes to accommodate zero or negative rates, the resulting impacts on customers and the financial implications given the significant impact that prolonged low interest rates have had, and may continue to have on the Bank Group's net interest income. For some products, the Bank Group has floored deposit rates at zero or made decisions not to charge negative rates. This, alongside loans repriced at lower rates, will result in the Bank Group's commercial margins being compressed, which has been and is expected to continue to impact the Bank Group's profitability. The pricing of this risk will need to be considered carefully. These factors may challenge the long-term profitability of the banking sector, including the Bank Group.

There remain significant uncertainties in assessing the duration of the COVID-19 pandemic and its impact. The actions taken by various governments and central banks, in particular in the United Kingdom (the "UK"), mainland China, Hong Kong and the U.S., provide an indication of the potential severity of the downturn and post-recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. A continued period of significantly reduced economic activity as a result of the impact of the COVID-19 pandemic could have a material adverse effect on the Bank Group's financial condition, results of operations, prospects, liquidity, capital position and credit ratings.

- **The Bank Group is subject to political, social and other risks in the countries in which it operates and globally**

The Bank Group operates through an international network of subsidiaries, branches and affiliates across countries and territories around the world. The Bank Group's operations are subject to potentially unfavourable political, social, environmental and economic developments in such jurisdictions and globally, which may include:

- coups, civil unrest or acts of terrorism;
- political and/or social instability;
- geopolitical tensions;
- climate change and acts of God, including epidemics and pandemics, (such as the COVID-19 pandemic, see "Risks relating to the impact of COVID-19") and natural disasters (such as floods and hurricanes); and
- infrastructure issues, such as transportation or power failures.

Each of the above could impact credit RWAs, and the financial losses caused by any of these risk events or developments could impair asset values and the creditworthiness of customers. These risk events or developments may also give rise to disruption to the Bank Group's services and some may result in physical damage to the Bank Group's operations and/or risks to the safety of the Bank Group's personnel and customers. In 2020, the Bank Group saw heightened levels of geopolitical risk particularly with respect to the Bank Group's operations. Escalation could have broader social, political and economic ramifications, affecting the Bank Group's portfolios. The financial impact to the Bank Group of geopolitical risks in Asia is heightened due to the importance and profitability of the region, and Hong Kong in particular, to the Bank Group. These geopolitical risks include, but are not limited to the following:

- tensions in U.S.-PRC relations, some of which have been heightened by the COVID-19 pandemic, could have potential ramifications for the Bank Group and its customers. These tensions could include divisions over Hong Kong, U.S. funding of and trading with strategic Chinese industries, claims of human rights violations, and others. Some of these tensions have manifested themselves through actions taken by the governments of the U.S. and the PRC in 2020 and early 2021. These tensions may affect the Bank Group through the impact of sanctions, including on the Bank Group's customers, and could result in regulatory, reputational and market risks for the Bank Group;
- the U.S. has imposed a range of sanctions and trade restrictions on Chinese persons and companies, focusing on entities the U.S. believes are involved in human rights violations, information technology and communications equipment and services, and military activities, among others. In response, the PRC has announced a number of sanctions and trade restrictions that target or provide authority to target foreign officials and companies, including those in the U.S.. Certain measures are of particular relevance;
- the United States' Hong Kong Autonomy Act provides "secondary sanctions" authority that allows for the imposition of U.S. sanctions against non-U.S. financial institutions found to be engaged in significant transactions with certain Chinese individuals and entities subject to U.S. sanctions as a result of a U.S. determination that these individuals or entities engaged in activities undermining Hong Kong's autonomy. The U.S. has also imposed restrictions on U.S. persons' ability to engage in transactions in or relating to publicly traded securities of a number of prominent Chinese companies. The PRC has subsequently adopted regulations providing a framework for specific prohibitions against compliance with, and private rights of action for damages resulting from, measures that the government determines have an unjustified extraterritorial application that impairs Chinese sovereignty;
- no penalties have yet been imposed against financial institutions under any of these measures, and their scope and application remain uncertain. These and any future measures that may be taken by the U.S. and the PRC may affect the Bank Group, its customers, and the markets in which the Bank Group operates;
- while UK-PRC relations have historically been shaped by strong trade and investment, there are also emerging challenges. Following the implementation of the Hong Kong National Security Law, the UK has offered residency rights and a path to citizenship to eligible British National (Overseas) passport holders in Hong Kong. In addition, both the UK and Hong Kong have suspended their extradition treaties with each other; and
- investor and business sentiment in some sectors in Hong Kong remains dampened and ongoing tensions could result in an increasingly fragmented trade and regulatory environment. The retail and leisure sectors also remain particularly affected by a decrease in tourism, resulting from both ongoing tensions and the COVID-19 pandemic.

As geopolitical tensions rise, the compliance by multinational corporations with their legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional reputational and political risks for the Bank Group.

While it is the Bank Group's policy to comply with all applicable laws and regulations of all jurisdictions in which it operates, geopolitical risks and tensions, and potential ambiguities in the Bank Group's compliance obligations, will continue to present challenges and risks for the Bank Group and could have a material adverse impact on the Bank Group's business, financial condition, results of operations, prospects and strategy, as well as on the Bank Group's customers.

HOW TO BUY OUR STRUCTURED PRODUCTS

Our structured products are available from the distributor(s) specified in the term sheet for a particular series. You cannot purchase our structured products directly from us (in our capacity as issuer). If you wish to purchase any of our structured products, you must contact one of the distributors. The names and contact details of the distributors are specified in the relevant term sheet and are available upon request from the offices of the product arranger at Level 20, HSBC Main Building, 1 Queen's Road Central, Hong Kong.

Our structured products are not available to U.S. persons (as defined in Regulation S of the U.S. Securities Act of 1933, as amended).

Do I need an application form?

No, we will not issue an application form for our structured products.

The distributor with which you place your order will ask you to fill in their order form.

What is the relationship between me and my distributor?

Your relationship with your distributor is governed by the customer agreement you signed with your distributor and is not controlled by us (unless HSBC is acting as your distributor) or by anything in this programme memorandum, any product booklet or term sheet. Ask your distributor to clarify if you are concerned about this.

Your distributor should be able to explain to you how our structured products work and to answer your questions.

How will applications be processed?

After you have placed your order with your distributor, your distributor will make an application to us for your order, aggregating any other orders it received from other investors.

We, as issuer, may choose to close the offer period for any series of structured products or withdraw invitations made under a term sheet at any time.

We, as issuer, may also reject an application (or part of an application) from a distributor in our sole and absolute discretion.

If we accept a distributor's order, we will send a confirmation to that distributor on the trade date, setting out the total amount accepted and the final terms applicable to that relevant series.

Our confirmation may aggregate applications made on behalf of a number of investors by a distributor. We (in our capacity as issuer) will not provide any confirmation directly to you. Ask your distributor for details of how it will apportion among investors any structured products allocated to it, how your order will be confirmed by it and how you can check your holdings in the structured products from time to time.

Do I have to make any confirmations?

At the time you buy our structured products, you may be required to give a number of confirmations and acknowledgements. Your distributor is required to ensure that you understand and are able to give these confirmations and acknowledgements. Ask your distributors for details of what confirmations and acknowledgements you will need to give and when you will need to give them.

Are structured products available only from the distributors?

We may make arrangements for our structured products to be sold through other channels which are not set out in a term sheet.

Offers of structured products made through other channels could be made at a lower purchase price or on terms other than those that are available to investors who buy structured products through a distributor specified in a term sheet.

WHAT ARE OUR STRUCTURED PRODUCTS

What are structured products?

Structured products are embedded with derivatives. Derivatives are financial instruments, the value and return of which would depend on the performance, the price or the level of their reference underlying(s). The type of reference underlying(s) and derivatives embedded in a structured product will be described in the relevant product booklet. The payout on a structured product may be linked to a single reference underlying (e.g. a specific stock listed on the Hong Kong Stock Exchange or on other stock exchanges, the performance of a specific index or the price or the changes in price of a specific commodity) or a basket of reference underlyings that belong to different asset classes (e.g. linked to the performance of a specific stock, the performance of an index and the price or the changes in price of a specific commodity).

Upon certain conditions being met, you may receive payment of a certain cash amount or physical delivery of the relevant reference underlying at a specified future date under our structured products.

You should note that while your investments in our structured products may give you potentially higher returns compared to bank deposits, you must be prepared to take higher risks. You may lose some or all of the money that you invested in the structured products.

What are the key elements of a structured product?

Generally, the key elements of a structured product are:

- the legal form of the structured products
- whether the structured products will or will not be principal protected
- the reference stock(s), the reference index or indices and/or the reference commodity or commodities to which the structured products are linked
- the type of derivatives embedded in the structured products
- the potential payout at maturity (in the case of structured products issued in the form of notes) or expiry (in the case of structured products issued in the form of investments), which is either:
 - a cash settlement amount (this relates to the payment of a cash amount you will be entitled to receive upon redemption or termination of the structured products at maturity or expiry (as the case may be) upon certain conditions being met under the terms of the relevant structured products. Where the structured products are principal protected at maturity, the cash settlement amount will not be less than the portion of the principal amount of the structured products which is specified to be principal protected at maturity in the term sheet of the relevant series of our structured products. Any charges and expenses arising from termination or redemption of the structured products will be deducted from the cash settlement amount. Currently there are no such charges or expenses. If any cash settlement expenses are payable in the future, we will inform the distributor(s) as soon as practicable and the distributor(s) will in turn inform you.)
 - a physical settlement amount (this relates to the physical delivery of a number of reference stock(s) or other assets (as the case may be) you will be obliged to purchase from us at a pre-determined price upon redemption or termination of the structured products at maturity or expiry (as the case may be) upon certain conditions being met under the terms of the relevant structured products. You will be required to pay the buyer's portion of the taxes, charges and expenses arising from the transfer and receipt of the reference stock(s) or other assets (depending on the terms of the structured products you buy).)
- the issue price (the amount you pay at the time you place an order for the structured products)
- the scheduled tenor of the structured products (the period from the issue date to the date on which the final payment or delivery is scheduled to be paid or delivered)

- the investment period of the structured products (the period between the date on which all the terms of the structured products you wish to buy are finalised (i.e. the trade date) and the date on which the final settlement is determined)

The relevant product booklet will explain how a particular type of structured products works.

Stock linked structured products.

The payout on stock linked structured products will be dependent upon the performance of a specific stock or a basket of stocks listed in Hong Kong or elsewhere. Investing in stock linked structured products is not the same as investing in the reference stock(s). Changes in the market price of the reference stock(s) may not lead to any corresponding change in the market value of, or your potential payout under, stock linked structured products.

Index linked structured products.

The payout on index linked structured products will be dependent upon the level(s) of the reference index or indices. The index may be comprised of reference equities, bonds or commodities. Changes in the index level may not lead to any corresponding change in the market value of, or your potential payout under, index linked structured products. A change in the components in the index could adversely affect the market value of index linked structured products.

Commodity linked structured products.

The payout on commodity linked structured products will be dependent upon the price or changes in the price of a specific commodity or commodities. Buying our commodity linked structured products is not the same as a direct investment in that commodity or commodities. Changes in the market price of the relevant commodity or commodities may not lead to any corresponding change in the market value of, or your potential payout under, our commodity linked structured products.

Structured products linked to a basket of reference underlyings that belong to different asset classes.

The payout on structured products linked to a basket of reference underlyings that belong to different asset classes (e.g. linked to the performance of a specific stock, the performance of a reference index and the price or the changes in price of a specific commodity) will be dependent upon the performance of the relevant reference underlyings in the basket. Buying our structured products linked to a basket of reference underlyings that belong to different asset classes is not the same as a direct investment in the relevant reference underlyings in the basket.

Investors of our structured products rank for payment equally with our other unsecured creditors.

Our structured products are NOT equivalent to a time deposit with us.

Our structured products constitute our general, unsecured and unsubordinated obligations. This means that if we become insolvent or default on our obligations under the structured products, the structured product holders will rank for payment equally with all our other creditors whose claims are not:

- preferred by law;
- secured on our assets; or
- subordinated, which means that they rank after the claims of other creditors.

We or our group companies may buy and sell our structured products.

We or our group companies may at any time and at any price buy our structured products whether in the open market or by private arrangement. Such trading activities may have a negative impact on the market value of our structured products. If purchases are made by tender, we or our group companies will allow all holders of the series of structured products to take part. Any structured products that we or our group companies purchased may be held or resold or cancelled. We, as issuer, have a “Chinese Wall” policy in place to separate duties between its investment banking business and its trading and retail business. Each department will be working independently to prevent conflict of interests. There are rules and guidelines from compliance department that each function needs to follow and the trading of the structured products will be transacted at arm’s length.

Our Programme is governed by Hong Kong law.

All our programme documentation, including the terms and conditions of our structured products, is governed by Hong Kong law. The terms and conditions of our structured products provide that the courts of Hong Kong have non-exclusive jurisdiction to settle any disputes in connection with our structured products.

Use of proceeds.

The proceeds of our structured products will be used for HSBC’s and HSBC’s group companies’ general business purposes, including, without limitation, to enter into transactions to hedge our exposure under the structured products. The proceeds of our structured products will not be used for fund raising purposes.

TAXATION

The statements below regarding taxation are based on relevant law and practice at the date of this programme memorandum and are subject to any subsequent changes in law or practice (which could be made on a retroactive basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to purchase, holding or sale of our structured products.

The summary on the relevant law and practice below is not complete and we are not giving you any tax advice. You should consult your own independent tax advisor about the tax consequences of investing in our structured products, particularly if you are subject to special tax rules (for example, if you are a bank, dealer, insurance company or a tax-exempt entity under Hong Kong law).

HONG KONG

Withholding tax

We are not required under current law to make any withholding on account of Hong Kong tax from payments in respect of our structured products.

Profits Tax and Capital Gains Tax

Profit or gains arising to the investor from the sale or disposal of the structured products may be chargeable to Hong Kong profits tax where such sale or disposal is, or forms part of, a trade, profession or business carried on in Hong Kong. Capital gains arising from such sale or disposal are not subject to tax.

Stamp Duty

Our structured products which are issued in the form of investments are not expected to be subject to Hong Kong stamp duty either when issued or on any subsequent transfer.

With respect to structured products that are issued in the form of notes and in Hong Kong dollars, Hong Kong stamp duty are payable on the transfer of such structured products. Stamp duty is currently charged at 0.2 per cent. of the value of the transfer, payable as to half by the transferor and half by the transferee. If stamp duty is not paid on or before the due date (which is within two days after the sale or purchase if effected in Hong Kong or within 30 days thereafter if effected elsewhere), a penalty will be imposed. Hong Kong stamp duty is not applicable on the issue or transfer of structured products that are issued in the form of notes and are denominated and redeemable in a currency other than Hong Kong dollars.

If any series of our structured products are subject to Hong Kong stamp duty on its subsequent transfer as per the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong) (“**SDO**”), we will specify that in the relevant product booklet or term sheet.

Unless exempted or provided otherwise by the SDO, if shares or units of a fund constituting “Hong Kong stock” as defined in the SDO are transferred and delivered to the investor under the terms of the physical settlement of our structured products, there will be stamp duty payable on such transfer and delivery of the shares or units of a fund currently at the rate of 0.2 per cent. of the amount, being the consideration for such transfer or the value of such shares or units of a fund determined in accordance with the SDO and practice of the Inland Revenue Department of Hong Kong. Such stamp duty will be payable equally by the transferor and the transferee. Unless a product booklet or term sheet specifies otherwise, you are liable to bear, pay or reimburse such stamp duty as transferee that is, currently 0.1 per cent. of the said amount. The Hong Kong government has passed the Revenue (Stamp Duty) Bill 2021 to increase the rate of stamp duty on transfers of Hong Kong stock from 0.2 per cent. to 0.26 per cent., i.e. from 0.1 per cent. to 0.13 per cent., for each of the transferor and the transferee, with such increase due to take effect on 1 August 2021.

U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax

The U.S. Foreign Account Tax Compliance Act (“**FATCA**”) generally will impose a 30 per cent. United States withholding tax (“**FATCA Withholding**”) on certain United States source payments (“**Withholdable Payments**”) paid to a foreign financial institution (including amounts paid to a foreign financial institution

on behalf of a holder), unless such institution enters into an agreement with the United States Treasury to collect and provide to the United States Treasury substantial information regarding United States account holders with such institution (including certain account holders that are foreign entities with United States owners) or such institution otherwise complies with its obligations under FATCA. FATCA Withholding generally is also imposed on Withholdable Payments made to a “recalcitrant holder” or to a non-financial foreign entity unless, in general, such entity provides the withholding agent with a certification that it does not have any substantial United States owners (or a certification identifying the direct and indirect substantial United States owners of the entity), demonstrates that it or an affiliate is publicly traded or that it has an active business, or otherwise establishes an exemption. A “recalcitrant holder” generally is a holder of an account with a foreign financial institution that fails to comply with certain requests for information that will enable the relevant foreign financial institution to comply with its obligations under FATCA. A structured product may constitute an account for these purposes. “Withholdable Payments” generally includes any payments made with respect to the structured products that are contingent upon or determined by reference to the value of, or dividends on, stock issued by an entity that is treated as a United States corporation (or by any other entity the dividends of which are treated as United States source) for United States federal income tax purposes. We will not issue any structured products that provide for Withholdable Payments.

In addition, under FATCA, “foreign passthru payments” made by a foreign financial institution to recalcitrant holders or non-compliant foreign financial institutions or non-financial foreign entities generally are subject to FATCA Withholding. The term “foreign passthru payment” has not yet been defined under current United States Treasury regulations.

Under the current United States Treasury regulations and related guidance, FATCA Withholding generally will apply to foreign passthru payments no earlier than the second anniversary of the date on which final regulations defining the term “foreign passthru payments” are published in the U.S. Federal Register. In addition, payments made with respect to our structured products that are not Withholdable Payments generally will not be subject to FATCA Withholding if such structured products are executed on or before the “Grandfather Date” and are not materially modified thereafter. For these purposes: “**Grandfather Date**” is the date that is six months after the date on which final United States Treasury regulations defining the term “foreign passthru payment” are filed with the United States Federal Register.

As stated above, we will not issue any structured products that provide for Withholdable Payments. Thus, payments under our structured products generally will not be subject to FATCA Withholding to the extent (i) they are made before the second anniversary of the date on which final regulations defining the term “foreign passthru payments” are published in the U.S. Federal Register or (ii) our structured products are executed on or before the Grandfather Date and are not materially modified thereafter.

While a series of structured products is represented by the global certificate and held within the clearing systems, it is expected that FATCA will not affect the amount of any payment made under, or in respect of, the structured products by HSBC (as issuer) or any paying agent, given that each of the entities in the payment chain beginning with HSBC (as issuer) and ending with the clearing systems is a major financial institution whose business is dependent on compliance and participation with FATCA. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its distributor (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Pursuant to the distributor appointment agreements entered into between HSBC (as issuer) and each distributor appointed for a series of our structured products as set out in the relevant indicative term sheet for such series (each, an “**Appointed Distributor**”), each Appointed Distributor shall warrant and represent to HSBC that, at all times that any structured products are outstanding:

- (i) such Appointed Distributor, and any custodian used by such Appointed Distributor to hold any structured products, is entitled to receive all payments free from any FATCA Withholding (by qualifying, for example, as a “Participating Foreign Financial Institution”, a compliant “Deemed

Compliant Foreign Financial Institution” or a compliant “Reporting Financial Institution” under an applicable FATCA intergovernmental agreement, in each case for purposes of FATCA, and satisfying the requirements pursuant thereto) (“**FATCA Compliant**”);

- (ii) upon request by HSBC, such Appointed Distributor and any custodian used by such Appointed Distributor shall provide HSBC with such forms and/or other documentation to establish, to the satisfaction of HSBC, that such Appointed Distributor or any custodian used by such Appointed Distributor is FATCA Compliant; and
- (iii) in the event that any of such Appointed Distributor’s customers requests to transfer such customer’s interest in any structured products held by such Appointed Distributor (or any custodian used by such Appointed Distributor) on such customer’s behalf to another entity to hold on such customer’s behalf, such Appointed Distributor and custodian shall ensure that any such transfer shall only be made to an entity that satisfies (and will continue to satisfy) paragraphs (i) and (ii) above.

If any of our structured products are issued after the Grandfather Date and any payment made with respect to any structured product is subject to FATCA Withholding as a result of:

- (i) the existence of any present or former connection between an investor (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of power over, such investor, if the investor is an estate, trust, nominee, partnership, limited liability company or corporation) and the United States (including being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein); or
- (ii) any misrepresentation by an investor (or the applicable beneficial owner) to us, any distributor, any custodian or any applicable payor; or
- (iii) the failure of an investor (or the applicable beneficial owner) to fully comply with its obligations under FATCA (including obligations to comply with reasonable requests for information and/or other documentation by an applicable payor); or
- (iv) an investor’s appointment of an intermediary (other than an Appointed Distributor or any custodian used by such Appointed Distributor) to hold its interest in any structured products where such intermediary fails to be FATCA Compliant, or
- (v) the failure of the applicable clearing system to be FATCA Compliant,

then, in each case, we (or an applicable withholding agent) would be entitled to impose FATCA Withholding on such payment. In addition, we are not required to pay any additional amounts with respect to any amounts so withheld *except to the extent* such FATCA Withholding is imposed as a result of HSBC (as issuer), an Appointed Distributor, or any custodian used by such Appointed Distributor to hold any structured products, not being FATCA Compliant.

You are urged to consult with your own independent tax advisor regarding the possible implications of FATCA on your investment in our structured products.

OTHER INFORMATION ABOUT OUR PROGRAMME

We take responsibility for this programme memorandum

This programme memorandum includes particulars given in compliance with the Code for the purpose of giving information with regard to HSBC as the issuer, HSBC as the product arranger, the Programme and our structured products. The issuer and the product arranger collectively and individually accept full responsibility for the contents of, and the completeness and accuracy of the information contained in this programme memorandum and confirm, having made all reasonable enquiries, that to the best of the knowledge and belief of the issuer and the product arranger, this programme memorandum contains no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading.

Information included on the website referred to in this programme memorandum does not form part of this programme memorandum.

None of the distributors which sell our structured products is responsible in any way to ensure the accuracy of our programme memorandum, the financial disclosure document, any product booklet (including any other addendum to these documents as set out in the relevant term sheet) or any term sheet.

We will update this programme memorandum, the relevant product booklet and/or the financial disclosure document whenever we offer structured products, if necessary

This programme memorandum is accurate as at the date of this programme memorandum. You must not assume, however, that information in this programme memorandum is accurate at any time after the date of this programme memorandum.

If any information in this programme memorandum or the relevant product booklet needs to be updated at the time we issue a term sheet for a series of structured products, we will either put the updated information in the relevant term sheet or, if we prefer, we may put it into an addendum to this programme memorandum or the relevant product booklet (as the case may be).

We intend to publish an updated financial disclosure document as soon as practicable after the release of a new annual report and audited accounts and an updated financial disclosure document or an addendum to the financial disclosure document (as the case may be) as soon as practicable after the publication of new unaudited interim consolidated financial statements (if any), and the updated financial disclosure document and/or the addendum to the financial disclosure document will supersede or supplement (as the case may be) the relevant information contained in the previous financial disclosure document. The relevant term sheet will specify the date of our current financial disclosure document and the addendum to the financial disclosure document (if any). If an updated financial disclosure document and/or an addendum to the programme memorandum, the relevant product booklet and/or the financial disclosure document is published during an offer period for a series of structured products, we will, as soon as practicable, notify the distributors who will in turn notify those investors who have placed an order for that series of structured products. Those investors will be given the opportunity to cancel their purchase order within a limited period of time as notified to them by their distributors. Neither we nor the distributor will charge you for any fees for such cancellation. Please check with your distributor for further details.

The relevant term sheet will tell you whether an updated financial disclosure document, an addendum to this programme memorandum, the financial disclosure document and/or the relevant product booklet has been published. Whenever an addendum is published, you should read this programme memorandum, the financial disclosure document, the relevant product booklet and the relevant term sheet as including the addendum, starting from the date of the addendum, wherever we refer to such documents.

This programme memorandum is also available in Chinese version if you prefer.

ONGOING DISCLOSURE

HSBC, as the issuer and product arranger, will keep the SFC and the distributor(s) informed as soon as reasonably practicable if (a) HSBC (as issuer) ceases to meet any eligibility requirements of the Code, (b) HSBC (as product arranger) ceases to meet any eligibility requirements of the Code and, (c) to the extent permitted by any applicable law, changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as issuer) to fulfil our commitment in connection with our structured products. Your distributor will in turn inform you. Please contact your distributor for further details.

WHERE YOU CAN READ OUR LEGAL DOCUMENTATION FOR OUR PROGRAMME

This programme memorandum contains only a summary description of our Programme. To find out more, you can read the documents set out below free of charge by going to the offices of the product arranger at Level 20, HSBC Main Building, 1 Queen's Road Central, Hong Kong. These offices are open only during normal business hours and not on Saturdays, Sundays or public holidays.

These are the documents we will keep on display during the offer period of our structured products, during the period between the trade date and issue date of our structured products and while any of our structured products remain outstanding (unless otherwise specified, the document will only be available in English):

- our articles of association;
- our programme memorandum and any updating addendum (in English and Chinese versions);
- our current financial disclosure document and any updating addendum (in English and Chinese versions);
- the relevant product booklet and any addendum (in English and Chinese versions) which contains the general terms and conditions of the relevant type of structured products;
- the relevant indicative term sheet in respect of a series of structured products (in English and Chinese versions);
- the relevant final term sheet in respect of a series of structured products (in English and Chinese versions) (which will be available after the trade date of the relevant series of the structured products);
- a certified true copy of the registrars' and structured product agency agreement;
- a certified true copy of the deed of covenant;
- a certified true copy of the global certificate in respect of a series of structured products (which will be available on or after the issue date of the relevant series of our structured products);
- a certified true copy of the relevant pricing supplement (in English and Chinese versions) (which will be available on or after the issue date of the relevant series of our structured products) which together with the general terms and conditions set out in the relevant product booklet, constitute the legally binding terms and conditions applicable to the relevant series of structured products. The commercial terms contained in the pricing supplement will reflect the same commercial terms as set out in the relevant final term sheet;
- our most recently published annual report and audited accounts and unaudited interim consolidated financial statements (in English and Chinese versions);
- any notices given by us under the conditions of our structured products (in English and Chinese versions); and
- a certified true copy of a letter from our auditor, PricewaterhouseCoopers, consenting to the reproduction of their report in the financial disclosure document.

A reasonable fee will be charged if you want to take photocopies of any of the documents whilst they are on display.

SERVICE OF PROCESS

The Hongkong and Shanghai Banking Corporation Limited (as issuer and product arranger and on behalf of its directors) will accept service of process at its registered office in Hong Kong specified on page 29 of this programme memorandum.

THE OFFERING DOCUMENTS OF OUR STRUCTURED PRODUCTS ARE NOT PROSPECTUSES

None of this programme memorandum, our financial disclosure document, any product booklet or any indicative term sheet constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). None of these documents will be lodged or registered under the securities laws of any jurisdiction outside Hong Kong and these documents will not be registered with any regulatory authority outside Hong Kong. You should observe any applicable restrictions in the relevant jurisdiction in making an investment in our structured products.

INFORMATION ABOUT THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

Incorporation and business

On 14 August 1866, “The Hongkong and Shanghai Banking Corporation” was established with limited liability in the Hong Kong Special Administrative Region (the “**Hong Kong SAR**”) by The Hongkong and Shanghai Bank Ordinance 1866, as subsequently amended by The Hongkong and Shanghai Banking Corporation Limited Ordinance (Cap. 70) of Hong Kong (the “**Ordinance**”). On 6 October 1989, it was registered under the name of “The Hongkong and Shanghai Banking Corporation Limited” pursuant to Part IX of the then Companies Ordinance (Cap. 32) of Hong Kong, which is now Part 17 of the Companies Ordinance (Cap. 622) of Hong Kong with company number 263876. On 6 June 1997, Memorandum and Articles of Association (the “**M&A**”) were adopted, replacing the Ordinance in part and superseding The Hongkong and Shanghai Bank Regulations (Cap. 70A) of Hong Kong which formerly were the constitutive documents of HSBC. Subsequently, a new set of Articles of Association was adopted in substitution for and to the exclusion of the M&A on 19 May 2014. Its registered and head office is situated at 1 Queen’s Road Central, Hong Kong.

Established in Hong Kong and Shanghai in 1865, The Hongkong and Shanghai Banking Corporation Limited is the founding member of HSBC Holdings plc and its subsidiaries (the “**HSBC Group**”) – one of the world’s largest banking and financial services organisations. It is the largest bank incorporated in Hong Kong and one of Hong Kong’s three note-issuing banks. It is a wholly-owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group, which has an international network organised into five geographical regions: Europe, Asia, Middle East and North Africa, North America and Latin America.

Directors and Secretary

As of the date of this programme memorandum, the Directors and Secretary of the Bank are set out below.

Name of Directors

Peter Tung Shun Wong[#], GBS, JP, *Chairman*

David Gordon Eldon[#], *Deputy Chairman*

David Yi Chien Liao, *Co-Chief Executive Officer*

Surendranath Ravi Roshia, *Co-Chief Executive Officer*

Graham John Bradley*

Sonia Chi Man Cheng*

Dr Christopher Wai Chee Cheng*, GBS, OBE

Yiu Kwan Choi*

Beau Khoon Chen Kuok*

Irene Yun-lien Lee*

Victor Tzar Kuoi Li[#]

Kevin Anthony Westley*, BBS

Tan Sri (Sir) Francis Sock Ping Yeoh*, KBE, CBE

* independent non-executive Director

non-executive Director

Name of Secretary

Paul Stafford, FCG, FCS

Main Subsidiaries

The main subsidiaries of the Bank as at 31 December 2020 are:

Name	Place of incorporation	Principal activity	The Bank Group's (as defined below) interest in issued share capital/ registered or charter capital (per cent.)
Hang Seng Bank Limited	Hong Kong	Banking	62.14
HSBC Bank (China) Company Limited	People's Republic of China	Banking	100
HSBC Bank Malaysia Berhad	Malaysia	Banking	100
HSBC Bank Australia Limited ¹	Australia	Banking	100
HSBC Bank (Taiwan) Limited ¹	Taiwan	Banking	100
HSBC Bank (Singapore) Limited	Singapore	Banking	100
HSBC Life (International) Limited ¹	Bermuda	Retirement benefits and life insurance	100

Note:

¹ Held indirectly

The principal places of business are the same as the places of incorporation except for HSBC Life (International) Limited which operates mainly in Hong Kong.

Share capital

The following shows the share capital of the Bank and its subsidiaries (the “**Bank Group**”) as at 31 December 2020:

The issued and fully paid up ordinary share capital of the Bank was HK\$172,335 million, comprising 46,440,991,798 ordinary shares, which included HK\$116,103 million paid up in HK\$ and HK\$56,232 million paid up in U.S.\$. The paid up share capital in U.S.\$ represents preference shares which were redeemed or bought back via payment out of distributable profits and for which the amount was transferred from retained earnings to share capital in accordance with the requirements of the Companies Ordinance (Cap. 622) of Hong Kong.

Total shareholders’ equity

The total shareholders’ equity of the Bank Group as at 31 December 2020 was HK\$845,353 million comprising HK\$172,335 million of share capital, HK\$44,615 million of other equity instruments, HK\$149,500 million of other reserves and HK\$478,903 million of retained earnings.

Subordinated liabilities

Subordinated liabilities of the Bank Group issued to third parties measured at amortised cost, as at 31 December 2020 and 2019, consisted of undated primary capital notes and other loan capital having an original term to maturity of five years or more. Subordinated liabilities issued to group entities are not included in the below.

	2020 <i>HK\$m</i>	2019 <i>HK\$m</i>
Subordinated liabilities	<u>4,065</u>	<u>4,066</u>

Debt Securities in Issue

The debt securities in issue of the Bank Group measured at amortised cost as at 31 December 2020 were HK\$79,419 million.

THE APPENDIX

FURTHER INFORMATION ON CREDIT RATINGS

These are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means as at the date of this programme memorandum. While we have correctly extracted and reproduced such information and take responsibility for such extraction and reproduction, there can be no assurance that the meaning of any such rating will not be revised by the relevant rating agency in the future and we have no responsibility to notify you of such change. If you are unsure about any information provided under this Appendix and/or what a credit rating means, you should seek independent professional advice.

A credit rating is forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

These are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means as at the date of this programme memorandum.

S&P long-term issuer credit ratings definitions

AAA

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

AA

An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.

A

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Plus (+) or minus (-)

The above ratings (except for 'AAA') may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Please refer to <https://www.spglobal.com/ratings/en/about/understanding-ratings?rd=understandingratings.com> (in English language version only) for further details. If you do not understand what these credit ratings mean, you should obtain independent advice.

Moody's long-term ratings definitions

Aaa

Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A

Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa

Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Modifiers "1", "2" and "3"

Moody's appends numerical modifiers 1, 2 and 3 to each of the above generic rating classifications (except for Aaa). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Please refer to <https://www.moodys.com/Pages/amr002002.aspx> (in English language version only) for further details. If you do not understand what these credit ratings mean, you should obtain independent advice.

Rating outlooks

A rating outlook is an opinion regarding the likely rating direction over the medium term. The rating outlook assigned by S&P and Moody's will usually indicate whether the rating direction is likely to be positive, negative, stable or developing.

REGISTERED OFFICE OF THE ISSUER
The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

PRODUCT ARRANGER
The Hongkong and Shanghai Banking Corporation Limited
Level 20
HSBC Main Building
1 Queen's Road Central
Hong Kong

SPECIFIED OFFICE OF THE AGENT
The Hongkong and Shanghai Banking Corporation Limited
Level 24
HSBC Main Building
1 Queen's Road Central
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
10 Marina Boulevard
#45-01 Marina Bay Financial Centre
Tower 2
Singapore 018983

ALTERNATIVE REGISTRAR
The Hongkong and Shanghai Banking Corporation Limited
Level 24
HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISER

To the Issuer as to Hong Kong law

Deacons
5th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

