

## SUPPLEMENTARY LISTING PARTICULARS DATED 6 AUGUST 2020



### HSBC Bank plc

*(a company incorporated in England with registered number 14259; the liability of its members is limited)  
as Issuer*

### HSBC Bank Middle East Limited

*(a company limited by shares incorporated in the Dubai International Financial Centre)  
as Issuer*

## PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS

This supplement (the "**Supplement**") to the offering memorandum dated 3 June 2020 relating to the Programme for the Issuance of Notes and Warrants (the "**Offering Memorandum**"), which constitutes listing particulars for the purposes of listing ("**Listing**") on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and trading on the Global Exchange Market of Euronext Dublin and, for the avoidance of doubt, which does not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Regulation (EU) 2017/1129, constitutes supplementary listing particulars (pursuant to rule 3.10 of the Global Exchange Market Listing and Admission to Trading – Rules) for the purposes of Listing.

Terms defined in the Offering Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum and any other supplements to the Offering Memorandum prepared by HSBC Bank plc ("**HBEU**") and HSBC Bank Middle East Limited ("**HBME**" and, together with HBEU, the "**Issuers**" and each an "**Issuer**"), in relation to its Programme for the Issuance of Notes and Warrants.

This Supplement has been approved by Euronext Dublin for the purposes of Listing.

HBEU accepts responsibility for the information contained in this Supplement relating to HBEU and Notes and Warrants issued by it. To the best of the knowledge of HBEU (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

HBME accepts responsibility for the information contained in this Supplement relating to HBME and Notes and Warrants issued by it. To the best of the knowledge of HBME (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Offering Memorandum Supplement is to:

- disclose that on 3 August 2020 HBEU published its unaudited consolidated interim report for the six month period ended 30 June 2020 (the "**Unaudited Consolidated Interim Report**"). The Unaudited Consolidated Interim Report is available at: <https://www.hsbc.com/investors/results-and-announcements/all-reporting/subsidiaries?page=1&take=20>. The Unaudited Consolidated Interim Report, other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum;
- disclose that on 3 August 2020 HBME published its unaudited reviewed consolidated interim report for the six month period ended 30 June 2020 (the "**Unaudited Consolidated Interim Report**"). The Unaudited Consolidated Interim Report is available at: <https://www.hsbc.com/investors/results-and-announcements/all-reporting/subsidiaries?page=1&take=20>. The Unaudited Consolidated Interim

Report, other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum;

- replace paragraph 2 of the "*General Information*" section of the HBEU Registration Document (which is incorporated by reference into the Offering Memorandum) with the following statement:

"There has been no significant change in the financial position or financial performance of the Issuer or the Group since 30 June 2020 nor any material adverse change in the prospects of the Issuer since 31 December 2019.";

- replace paragraph 9 of the "*General Information*" section of the Offering Memorandum with the following statement:

"There has been no significant change in the financial or trading position of HBEU and its subsidiaries since 30 June 2020 or any material adverse change in the prospects of HBEU since 31 December 2019."

- replace paragraph 10 of the "*General Information*" section of the Offering Memorandum with the following statement:

"There has been no significant change in the financial or trading position of HBME and its subsidiaries since 30 June 2020 nor any material adverse change in the prospects of HBME since 31 December 2019.";

- Amend the reference to the date of the Registration Document in item (e) of the Incorporation by Reference section of the Offering Memorandum so that it reads as follows:

"the registration document of HBEU dated 26 May 2020 and filed with Euronext Dublin (the "**Registration Document**)"; and

- update the risk factor entitled: *Impact of Covid-19* in the Offering Memorandum in the section entitled "**Risks relating to HBEU**" as set out in Annex 1 hereto.

To the extent that any document or information incorporated by reference itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Supplement or the Offering Memorandum, except where such information or documents are stated within this Supplement as specifically being incorporated by reference or where this Supplement is specifically defined as including such information.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated into the Offering Memorandum by this Supplement and (b) any other statement in or incorporated by reference in the Offering Memorandum, the statements in this Supplement will prevail.

HBEU confirms that, save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Memorandum and relating to HBEU and Notes and Warrants issued by it under the Programme has arisen or been noted, as the case may be, since the publication of the Offering Memorandum.

HBME confirms that, save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Memorandum and relating to HBME and Notes and Warrants issued by it under the Programme has arisen or been noted, as the case may be, since the publication of the Offering Memorandum.

## ANNEX 1

### Macroeconomic and geopolitical risk

#### *Impact of Covid-19*

The uncertainty of Covid-19 and its effect on the global economy has impacted the Group's customers and performance and the future effects of the pandemic are uncertain. Covid-19 has necessitated unprecedented levels of government response to protect public health, local economies and livelihoods. The Covid-19 outbreak has impacted countries and territories at different times and magnitudes as it has developed. The varying government measures in response to the outbreak 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 their lockdown measures and return to pre-Covid-19 economic levels will vary based on the levels of infection and local political decisions. The risk of subsequent waves of infection remain.

Restrictions implemented by governments the world over to limit the spread of Covid-19 resulted in a sharp contraction in global economic activity in the first half of 2020. Economic activity is expected to gradually recover in the second half of 2020, but there is significant uncertainty associated with the pace and scale of resumption. As a result, 2020 is expected to see a pronounced recession in many economies, including those in Europe. The extent of economic activity, and any reduction in unemployment rates across the Group's major markets in 2021, is contingent on successful containment of the virus and the resolution of other top risks, including what trade terms will be in place between the United Kingdom (the "UK") and the European Union (the "EU") from 1 January 2021, following the end of the transition period.

The risk of renewed drops in economic activity is material, and the economic fallout from Covid-19 risks exacerbating inequality across markets that had already suffered from social unrest. This will leave the burden on governments and central banks to keep up or increase fiscal and monetary stimulus. After a sharp fall in the early phases of the spread of Covid-19, financial markets have rebounded, although they remain volatile. Depending on the degree to which global economic growth suffers permanent losses, financial asset prices may suffer a further sharp fall.

Governments and central banks in major economies have deployed extensive measures to support households and corporates. Measures implemented by governments include income support to households and funding support to corporates, while measures taken by central banks include cuts to interest rates, support to funding markets and asset purchases. These measures are expected to be unwound gradually as government restrictions ease and as activity increases. Central banks are expected to maintain record-low interest rates for a considerable period of time and the debt burden of governments will rise significantly.

In many of the Group's markets the Group has initiated market-specific measures to support the Group's personal and business customers through these challenging times, including mortgage assistance, payment holidays, the waiving of certain fees and charges, and liquidity relief for businesses facing market uncertainty and supply chain disruption. The Group is also working closely with governments and supporting national schemes that focus on the parts of the economy most impacted by Covid-19. On 1 July 2020 the Issuer became an accredited lender under the UK's Coronavirus Large Business Interruption Scheme.

It is recognised that the above measures expose the Group to heightened risks. The rapid introduction and varying nature of the government support schemes, as well as customer expectations, can lead to risks as the 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 the government support schemes are unwound.

The Covid-19 outbreak has led to a weakening in gross domestic product ("GDP") in many of the Group's major markets, a key input used for calculating expected credit losses and other impairments charges ("ECL"), and there remains the risk of more adverse economic scenarios given its ongoing impact. Furthermore, ECL will also increase from other parts of the Group's businesses impacted by the disruption to supply chains. The impact will vary by sectors of the economy, with heightened risk to the oil and gas, transport and discretionary consumer spending sectors being observed in the first stages of the outbreak. The impact of the outbreak on the long-term prospects of businesses in these sectors is uncertain and may lead to significant ECL charges 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 ECL charges.

Central banks have reduced interest rates in most financial markets due to the adverse impact on the timelines and path for economic recovery, and the increased likelihood of negative interest rates. This raises a number of risks and concerns, such as the readiness of the Group's systems and processes to accommodate zero or negative rates, the resulting impacts on customers, regulatory constraints and the financial implications given the significant impact that prolonged low interest rates are likely to have on the Group's net interest income.

For some products, the Group has floored deposit rates at zero or made decisions not to charge negative rates. This, alongside loans repriced at lower rates, results in the Group's commercial margins being compressed, which will be reflected in the Group's profitability. The pricing of this risk will need to be considered carefully. If there is a rebalancing of portfolios toward fee-generating business and trading activities to offset reduced profits, the Group may become exposed once rates start rising again. These factors may challenge the long-term profitability of the banking sector, including the Issuer.

Moreover, the Group has financial instruments which are carried at fair value, and such fair values may be impacted by the market volatility resulting from the Covid-19 outbreak. This would in turn affect the market value of such instruments and could result in markdowns on such instruments and an increase in the size of fair value adjustments.

The Covid-19 outbreak may also have material impacts on capital and liquidity. This may include downward customer credit rating migration, which could negatively impact the Group's risk-weighted assets and capital position, and potential liquidity stress due, among other factors, to increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks, including the UK government and the Bank of England (the "BoE"), have put in place to support funding and liquidity. Central banks in some markets have also initiated a series of capital measures, including the reduction of certain regulatory capital buffers, to support the ability of banks to supply credit to businesses and households through this period of economic disruption. For instance, the BoE's Financial Policy Committee reduced the UK countercyclical capital buffer rate to zero per cent.

Central bank and government actions and support measures taken in response to the Covid-19 outbreak may create restrictions in relation to capital. These may limit management's flexibility in managing the business and taking action in relation to capital distribution and capital allocation.

The Covid-19 outbreak has resulted in very significant movement in economic and market drivers, changes in retail and wholesale behaviours and a significant increase in government support programmes for businesses and consumers. All of these factors significantly impact the performance of financial models including retail, wholesale, IFRS 9 and capital models. This has required more on-going monitoring and more frequent testing of models used across the Group, particularly for credit models. It has also resulted in the use of compensating controls in a consistent and explainable manner for some models, such as overlays and overrides on top of model outputs, to help protect the Group from unwanted risks. By their nature, such compensating controls require a significant degree of management judgement and assumptions to be applied, and there is a risk that future actual results/performance may differ from such judgements and assumptions. The performance and usage of models over the next 12 to 18 months will continue to be impacted significantly by the consequences of Covid-19.

It is too early in the current situation to be certain of the magnitude of change required for models used by the Group. However, it is likely that capital, credit risk, IFRS 9 models, and valuation models and financial reporting models, in other areas impacted by Covid-19, will need to be recalibrated or in some cases may need to be replaced with the development of new models. The effectiveness of these will depend in large part on the depth and length of the economic downturn currently faced by the economies of the major markets in which the Group operates.

There remain significant uncertainties in assessing the duration of the Covid-19 outbreak and its impact, and how this will evolve through 2020 and beyond. A prolonged period of significantly reduced economic activity as a result of the impact of the outbreak would have a material adverse effect on the Issuer's financial condition, results of operations, prospects, liquidity, capital position and credit ratings.