

BASE PROSPECTUS SUPPLEMENT



HSBC Bank plc

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

as Issuer

NOTES AND WARRANTS PROGRAMME

Participating Access-Linked Middle Eastern Securities (PALMS)

This Base Prospectus Supplement (the "**Supplement**") is supplemental to and must be read in conjunction with the Base Prospectus dated 2 August 2006 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the gilt-edged and fixed interest market of the London Stock Exchange plc (the "**London Stock Exchange**").

The Base Prospectus has been supplemented by the base prospectus supplements dated 4 September 2006, 5 March 2007 and May 2 2007 (together, the "**General Supplements**") and the base prospectus supplements dated 30 January 2007, 6 February 2007 and 13 February 2007 (the "**Issue Specific Supplements**"), each of which has been approved by and filed with the FSA. The General Supplements relate to the Base Prospectus, as applicable, as a whole. Each Issue-Specific Supplement relates to a specific issuance of notes only.

This Base Prospectus Supplement constitutes a supplement for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and a supplementary prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000. Terms defined in the Base Prospectus shall have the same meaning when used in this Base Prospectus Supplement.

To the extent that there is any inconsistency between any statement in this Base Prospectus Supplement and any other statement in, or incorporated by reference in, the Base Prospectus, the statements in this Base Prospectus Supplement will prevail.

Notes issued pursuant to the Programme may include "**Participating Access-Linked Middle-Eastern Securities**" or "**PALMS**" being Notes linked to specific underlying securities issued by one or more underlying companies. The purpose of this Supplement is to provide information in relation to PALMS.

Copies of this Supplement will be available for inspection, free of charge, upon oral or written request, at the registered office of the Issuer and at the specified office of the Paying Agents.

An investment in PALMS involves risks. See " Risk Factors Relating to PALMS" (beginning on page 5 of this Supplement) in addition to those included in the Base Prospectus under the heading "Risk Factors" (beginning on page 13).

Save as disclosed in this Base Prospectus Supplement and in any prior supplements to the Base Prospectus, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted since the publication of the Base Prospectus.

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information relating to each Underlying Company and each Underlying Security with respect to any issue of PALMS will have been accurately reproduced from information available from the information source specified. So far as the Bank will have been aware and is able to ascertain from information available from such source, no facts will have been omitted which would render the reproduced information inaccurate or misleading. The Issuer does not intend to provide post issuance information with respect to any issue of PALMS or any Underlying Company or Underlying Security with respect to it.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Supplement or any other information supplied in connection with the PALMS and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Supplement nor any further information supplied in connection with the PALMS (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Supplement or any other information supplied in connection with the PALMS should subscribe for or purchase the PALMS. Each investor contemplating subscribing for or purchasing the PALMS should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Supplement nor any other information supplied in connection with the PALMS constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the PALMS.

The distribution of this Supplement and the offer, distribution or sale of PALMS may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the PALMS may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the PALMS or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no PALMS may be offered or sold, directly or indirectly, and neither this Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Supplement or the PALMS come must inform themselves about, and observe, any such restrictions.

The PALMS offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States.

Arranger and Dealer
HSBC

15 May 2007

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Additional Summary Note information relating to PALMS

In relation to PALMS, the Summary contained in the Base Prospectus is supplemented by the following paragraph:

"Notes issued pursuant to the Programme may include Participating Access-Linked Middle-Eastern Securities or PALMS, being Notes linked to specific underlying securities issued by one or more underlying companies."

Risk Factors relating to PALMS

In relation to PALMS, the following risk factors are applicable:

Sophisticated investment

An investment in PALMS is speculative and entails substantial risks not associated with a similar investment in fixed or floating rate securities, including the risk of partial or total loss of their investment, subject only to a minimum amount of 0.03% of the principal amount of the Notes being payable if the Notes are redeemed at scheduled maturity.

PALMS are only suitable for highly sophisticated investors who have knowledge and experience in financial and business matters necessary to enable them to evaluate the risks of an investment in the PALMS. Prospective investors should understand that in some instances they could suffer a partial or complete loss of their investment, subject, if applicable, to any minimum redemption amount specified in the relevant Final Terms and that any investment return on PALMS is determined by reference to changes in the value of the Underlying Security or Underlying Securities described in the Final Terms is subject to fluctuation and may be less than would be received by investing in a conventional debt instrument. Changes in value of the Underlying Security cannot be predicted. If so provided in the relevant Final Terms, the PALMS may be subject to early redemption by reference to changes in value of the Underlying Security. On redemption, the PALMS may be redeemed in such manner as the Final Terms provides. If PALMS are redeemed prior to maturity the value may be less than the nominal amount.

PALMS are only suitable for experienced investors who understand and accept the risks associated with derivatives. No person should acquire any PALMS unless that person understands the nature of the relevant transaction and the extent of that person's exposure to the relevant Underlying Security and any potential loss, it has a valid business purpose for acquiring such PALMS and its investment in such PALMS is consistent with its overall investment strategy. Each prospective purchaser of the PALMS should consider carefully whether the PALMS it considers acquiring are suitable for it in the light of its investment objectives, investment authorisation, financial capabilities and expertise.

Information herein reflects current market practices and is not intended to constitute business, financial, investment, legal, accounting, regulatory, tax or any other advice, prospective purchasers of the PALMS should consult their own advisers to assist them in determining the suitability of the PALMS for them as an investment.

Illiquidity of the PALMS

No assurance is given as to the availability of a secondary market in the PALMS or the Underlying Security. The Issuer may purchase the PALMS in the secondary trading market but is under no obligation to do so and the price at which it may do so will depend upon, among other things, the liquidity and prevailing market price of the Underlying Security, the currency of denomination, and the risks referred to herein. If a secondary market does develop, there can be no assurance that the holders of PALMS will be provided with liquidity of investment or that it will continue throughout the life of the PALMS.

Other risks

For further information on the risk factors applicable to the PALMS, see also the sections headed "(1) Risks relating to Notes and Warrants generally", "(2) Risks relating to the Notes" and "(4) Risks relating to Equity-

Linked Notes, Cash Equity Notes and Index-Linked Notes" contained in the Base Prospectus under the main heading "Risk Factors" (beginning on page 13).

Political Risks

Political conditions in certain geographical locations where an Underlying Company or Underlying Companies may operate may be volatile or unstable. Political instability including as a result of armed conflict or of acts of terrorism could have an adverse effect on an Underlying Company's operations, on the market value of Underlying Securities and as a result on the value of the PALMS.

Product Description

The PALMS are Notes which are linked to a share or a basket of shares or any other type of security (whether debt or equity), instrument or entity (together, the "**Underlying Securities**" and each an "**Underlying Security**") issued by one or more underlying companies (each an "**Underlying Company**" or "**Underlying Companies**").

The Underlying Securities and Underlying Company or Underlying Companies will be specified in the Final Terms. The relevant currency of an underlying security (the "**Underlying Currency**") and the relevant country relating to an underlying security (the "**Underlying Country**") will be set out in the Final Terms relating to a particular Tranche of PALMS.

Details of the past and further performance and volatility of each of the underlying securities are obtainable from the display pages on the Reuters Service or other information service or source specified in the Final Terms.

Terms and Conditions of PALMS

The terms and conditions of the PALMS (the "**Terms and Conditions of the PALMS**") shall consist of the terms and conditions set out in the section headed "Terms and Conditions of the Notes" appearing in "Part B - Information Relating to The Notes Generally" of the Base Prospectus, such information being incorporated by reference in this Prospectus (the "**Base Conditions**") as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms (the "**Final Terms**") an extract of which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of the Base Conditions).

Any references to "this document" in the Final Terms section of this Supplement shall be deemed to refer to the Final Terms.

Pro-forma Final Terms for PALMS

Final Terms dated [] 2007

Series No.: []

Tranche No.: 1

HSBC Bank plc
Programme for the Issuance of Notes and Warrants
Issue of [] [*Name of Underlying Company*] (the
"Underlying Company") Participating Access-Linked Middle-Eastern Securities due []
(the "Notes" or "PALMS")

PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of PALMS described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 August 2006 in relation to the above Programme as supplemented by the base prospectus supplements dated 4 September 2006, 5 March 2007 and 2 May 2007 [and []] (together, the "**General Supplements**") and the base prospectus supplements dated 30 January 2007, 6 February 2007 and 13 February 2007 [and []] (the "**Issue Specific Supplements**") and the base prospectus supplement dated 15 May 2007 (the "**PALMS Supplement**"), each of which has been approved by and filed with the FSA. The General Supplements relate to the Base Prospectus as a whole whereas each Issue Specific Supplement relates to a specific issue of Notes only. The PALMS Supplement relates only to PALMS. The Base Prospectus, the General Supplements, the Issue Specific Supplements and the PALMS Supplement together constitute a prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**").

This document constitutes the Final Terms of the PALMS described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer and the offer of the PALMS is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at HSBC Bank plc, 8 Canada Square, London, E14 5HQ and copies may be obtained from such address [and from] [*insert name and office addresses of paying agents and any other financial intermediaries*].

The Notes reflect the risks of a direct investment in the equity of the Underlying Country by a UK incorporated company. The effect of such risks on the Notes will always be calculated in the sole and absolute discretion of the Calculation Agent. Certain of the risks are outlined in these Final Terms, though these are not exhaustive. Investors should conduct their own investigation of the risks involved in a direct investment in [*specify Underlying Country*] equity and investment in the [*Underlying Currency*] and form their own view based on such investigations. In certain circumstances, the Noteholders' entire investment may be at risk and they may receive nothing on redemption except the minimum amount of 0.03% of the issue price per Note.

1.
 - (i) Issuer: HSBC Bank plc
 - (ii) Arranger: HSBC Bank plc
2.
 - (i) Series number: PALMS []
 - (ii) Tranche number: 1
3. Currency or currencies:
 - (i) of denomination: [United States Dollar (“USD”)] (the “Specified Currency”)
 - (ii) of payment: [USD]
4. Aggregate Principal Amount:
 - (i) Series: [] Notes (USD [])
 - (ii) Tranche: [] Notes (USD [])
5.
 - (i) Issue Price: USD [] per Note (100 per cent. of the Aggregate Principal Amount)
 - (ii) Commission payable: None
 - (iii) Selling concession: None
6. Denomination(s) (Condition 1(b)):

USD [] per Note

The Notes are transferable in a minimum number of 1 Note (equivalent to a principal amount of USD []).

Each Note relates to 1.000 (one) Underlying Security of the Underlying Company.
7.
 - (i) Issue Date: [] 2007
 - (ii) Interest Commencement Date: Not applicable
8. Maturity Date: (Condition 6(a))

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| 9. | Interest basis:
(<i>Conditions 3 to 5</i>) | Not applicable, save that if any amount in respect of any Note is not paid when due and payable pursuant to the Conditions, interest shall accrue on the overdue amount at the rate of [1 week USD-LIBOR plus 1 per cent. reset daily]. |
| 10. | Redemption basis:
(<i>Condition 6</i>) | Cash Equity Redemption |
| 11. | Change of interest or redemption basis: | Not applicable. As provided in Annex 1, one or more Additional Payment Amounts may become due in certain circumstances. |
| 12. | Put/Call options: | Condition 6(c) will apply as specified in paragraph 21 below. |
| 13. | (i) Status of the Notes:
(<i>Condition 2</i>) | Not Subordinated |
| | (ii) Date approval for issuance of Notes obtained: | Not applicable |
| 14. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | Fixed Rate Note provisions:
(<i>Condition 3</i>) | Not applicable |
| 16. | Floating Rate Note provisions:
(<i>Condition 4</i>) | Not applicable |
| 17. | Variable Coupon Amount Note provisions:
(<i>Condition 5</i>) | Not applicable |
| 18. | Zero Coupon Note provisions:
(<i>Condition 5</i>) | Not applicable |
| 19. | Index-Linked Interest Note/other variable-linked interest Note Provisions: | Not applicable |
| 20. | Dual Currency Note provisions/Multi-currency Note provisions: | Not applicable |

PROVISIONS RELATING TO REDEMPTION

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| 21. | Issuer's optional redemption (Call):
(<i>Condition 6(c)</i>) | If the Calculation Agent is satisfied that the ability of the Issuer or its affiliates to enter into or to maintain appropriate hedging is materially impaired or restricted for whatever |
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reason or that UK incorporated entities generally are impeded in their ability freely to purchase, hold or sell [*specify Underlying Country*] equities (including, without limitation, the Underlying Securities) or [*Underlying Currency*] or freely to transfer or convert [*Underlying Currency*] or the proceeds of their conversion, the Issuer may redeem the Notes in whole but not in part on a date which is not earlier than two Relevant Financial Centre Days after the date on which the Issuer gives notice to the Noteholders and the Issue Agent of redemption of the Notes in such circumstances.

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| (i) | Redemption amount (Call): | In respect of each Note the Realisable Sale Price as defined in Annex 1 hereto. |
| (ii) | Series redeemable in part: | No |
| (iii) | Call option date(s)/Call option period: | Any date from and including the Issue Date to and including the Valuation Date. |
| 22. | Noteholder's optional redemption (Put):
(<i>Condition 6(d)</i>) | Not applicable |
| 23. | Final redemption amount of each Note:
(<i>Condition 6(a)</i>) | See Annex 1 hereto. For the purpose of these Final Terms, " Redemption Percentage " shall be [1.00] per cent. |
| 24. | Final redemption amount of each Note in cases where the final redemption amount is Index-Linked or other variable-linked: | Not applicable |
| 25. | Instalment Notes:
(<i>Condition 6(a)</i>) | Not applicable |
| 26. | Early redemption amount: | Yes |
| (i) | Early redemption amount (upon redemption for taxation reasons):
(<i>Condition 6(b)</i>) | In respect of each Note, the Realisable Sale Price as defined in Annex 1 hereto. |
| (ii) | Other redemption provisions:
(<i>Condition 6(i)</i>) | See Annex 1 hereto. |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:

(Condition 1(a))

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| | (i) | Form of Notes: | [Bearer/Registered] |
| | (ii) | Bearer Notes exchangeable for Registered Notes: | No |
| 28. | | New Global Note: | No |
| 29. | | If issued in bearer form: | <i>[specify] [Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C rules apply]</i> |
| | (i) | Initially represented by a Temporary Global Note or Permanent Global Note: | <i>[specify] [Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C rules apply]</i> |
| | (ii) | Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: | Yes <i>[specify]</i> |

(Condition 1(a))

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| | (iii) | Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: | [No/Yes] |
| | (iv) | Coupons to be attached to Definitive Notes: | [Yes/No/Not applicable]
<i>[N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note]</i> |
| | (v) | Talons for future Coupons to be attached to Definitive Notes: | [Yes/No/Not applicable]
<i>[N.B. The above comment also applies here]</i> |
| | (vi) | (a) Definitive Notes to be security printed: | [Yes/No]
<i>[N.B. The above comment also applies here]</i> |
| | | (b) if the answer to (a) is yes, whether steel engraved plates will be used: | [Yes/No/Not applicable] |
| | (vii) | Definitive Notes to be in ICMA or successor's format: | [Yes/No]
<i>[N.B. The above comment also applies here]</i> |

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| | (viii) Issuer or Noteholder to pay costs of security printing: | [Issuer/Noteholder/Not applicable] |
| 30. | Exchange Date for exchange of Temporary Global Note: | [specify][Not earlier than 40 days following the Issue Date] |
| 31. | Payments:
(Condition 8) | |
| | (i) Method of payment: | As set out in the Conditions |
| | (ii) Relevant Financial Centre Day: | New York and [specify Underlying Country] |
| 32. | Partly Paid Notes:
(Condition 1) | Not applicable |
| 33. | Redenomination:
(Condition 9) | |
| | (i) Redenomination: | Not applicable |
| | (ii) Exchange: | Not applicable |
| 34. | Other final terms: | See Annex 1 hereto. |

For the purpose of these Final Terms:

- (a) Any person (the "**relevant person**") shall be treated as "holding" Underlying Securities where the relevant person is registered as registered owner of such Underlying Securities in the Underlying Company's share register or where the registered owner of such Underlying Securities in the Underlying Company's share register is a custodian or agent and directly or indirectly the person for whose account those Underlying Securities are held is the relevant person. The terms "hold" and "holder" shall, in the context of holding Underlying Securities, be construed accordingly.
- (b) Where there is a dividend or distribution in respect of any Underlying Securities or any disposal or transfer of Underlying Securities, the dividend distribution or proceeds of disposal or transfer, shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to

any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Settlement Currency) freely convert such payment into the Settlement Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Settlement Currency conversion proceeds of such payment) or delivery.

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

35. Security Delivery (Equity-Linked Notes only): Condition 10(b) does not apply

36. **Provisions for Cash Equity Notes and Equity-Linked Notes**

- (i) Underlying Securities: [Common stock] of the Underlying Company (ISIN []). See Part B for further information.
- (ii) Underlying Company: [insert name of company/companies issuing Underlying Securities]
- (iii) Exchange(s): []
- (iv) Cash Settlement Payment Date: See Annex 1 hereto
- (v) Securities Transfer Amount: (for Equity-Linked Notes only) Not applicable
- (vi) Settlement Date: (for Equity-Linked Notes only) Not applicable
- (vii) Settlement Disruption Event: (for Equity-Linked Notes only) Condition 10(b)(iii) does not apply
- (viii) Delivery Disruption Event: (for Equity-Linked Notes only) Condition 10(b)(iv) does not apply
- (ix) Potential Adjustment Event: Condition 10(g)(i) applies subject to paragraph 3 of Annex 1 hereto
- (x) Extraordinary Event: Condition 10(g)(ii) applies subject to paragraph 3 of Annex 1 hereto
- (xi) Conversion: Condition 10(g)(iii) does not apply

(for Notes relating to Government Bonds and debt securities only)

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|--------|--|---|
| (xii) | Corrections of prices: | Condition 10(g)(iv) does not apply |
| (xiii) | Additional Disruption Event: | Not applicable |
| 37. | Additional provisions for Equity-Linked Notes: | Not applicable |
| 38. | Provisions for Index-Linked Notes: | Not applicable |
| 39. | For Equity-Linked and Credit-Linked Notes: | Not applicable |
| 40. | Valuation Date(s): | []. Condition 10(e)(i)(A) will end with the words "that is not a Disrupted Day" in the fifth line and the remainder of that paragraph shall be deleted. |
| 41. | Valuation Time: | Actual closing time for the regular trading session of the relevant Exchange. |
| 42. | Averaging Dates: | Not applicable |
| 43. | Other terms or special conditions relating to Index-Linked Notes, Cash Equity Notes or Equity-Linked Notes: | See Annex 1 hereto |

DISTRIBUTION

- | | | | |
|-----|-------|---|--|
| 44. | (i) | If syndicated, names, addresses and underwriting commitments of Relevant Dealer(s)/Lead Manager(s): | Not applicable |
| | (ii) | If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any): | Not applicable |
| | (iii) | Date of Subscription Agreement: | Not applicable |
| | (iv) | Stabilising Manager (if any): | Not applicable |
| 45. | | If non-syndicated, name and address of Relevant Dealer: | HSBC Bank plc, 8 Canada Square, London E14 5HQ |
| 46. | | Total commission and concession: | None |

47. Selling restrictions: TEFRA D Rules
United States of America: Notes may not be offered or sold within the United States of America or to or for the benefit of a U.S. person (as defined in Regulation S)
Other: These notes are not being offered or sold into [specify Underlying Country] or for the benefit of [specify Underlying Country] residents
48. Stabilisation: Not applicable

[LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of PALMS described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. Information on the Underlying Securities and the Underlying Company have been extracted from the Information Source specified below. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Information Source specified below, no facts have been omitted which would render the reproduced information inaccurate or misleading

CONFIRMED

HSBC BANK PLC

By: _____
Authorised Signatory

PART B - OTHER INFORMATION

1. LISTING

- (i) Listing [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority. No assurance can be given as to whether or not, or when, such application will be granted.][Not Applicable]
- (ii) Admission to trading [Application has been made for the Warrants to be admitted to trading [on the Professional Securities Market/Gilt-Edged and Fixed Interest Market/other] with effect from []. No assurance can be given as to whether or not, or when, such application will be granted.] [Not Applicable]

2. RATINGS

Ratings: The long term senior debt of HSBC Bank plc has been rated:

S&P: AA
Moody's: Aa2

The Notes have not specifically been rated.

[Provide brief explanation of the meaning of the ratings if previously published by rating provider]

3. NOTIFICATION

[The [include name of competent authority in EEA home Member State] [has been requested to provided/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

[Not Applicable]

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

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale of Notes"], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."

[Not Applicable]

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer []

[(See ["Use of Proceeds"] wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

(ii) Estimated net proceeds: *[(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]*

(iii) Estimated total expenses: *[Include breakdown of expenses]¹*
[(If the Warrants are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]

6. **YIELD**

Not applicable

7. **HISTORIC INTEREST RATE**

Not applicable

8. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND**

¹ Not required for debt securities with a denomination per unit of at least EUR50,000.

OTHER INFORMATION CONCERNING THE UNDERLYING

The Notes reflect the risks of a direct investment in [*specify Underlying Country*] equity by a UK incorporated company. The effect of such risks on the Notes will always be calculated in the sole and absolute discretion of the Calculation Agent. Certain of the risks are outlined in Annex 1 hereto, though these are not exhaustive. Investors should conduct their own investigation of the risks involved in a direct investment in [*specify Underlying Country*] equity by a UK incorporated company and investment in [*Underlying Currency*] and form their own view based on such investigations. In certain circumstances, the Noteholders' entire investment may be at risk and they may receive nothing on redemption except the minimum amount of 0.03% of the issue price per Note.

Information source

Details of past and further performance and volatility of the Underlying Security are obtainable from the following display pages on the Reuters Service:

[]

Rights attached to the Underlying Security (BUT NOT THE PALMS)

Each Underlying Security confers on its holder: (1) the right to participate in and vote at ordinary and extraordinary meetings of shareholders of the Underlying Company; (2) the right to one vote only in respect of ordinary and extraordinary meetings of shareholders of the Underlying Company (3) the right to participate in dividends declared by the Underlying Company; and (4) the right to participate in any distributions on a winding up of the Underlying Company.

9. PERFORMANCE OF EXCHANGE RATE(S) AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

The Notes reflect the risk of an investment in [*Underlying Currency*] (“[**Underlying Currency Abbreviation**]”). The Realisable Sale Price (as defined in Annex 1) shall be converted from [*Underlying Currency*] into USD at the rate of exchange obtained (or which the Calculation Agent determines would have been obtainable) by the Issuer or its affiliate, adjusted to take into account any non-deliverable forward rate transaction entered into (or which the Calculation Agent determines would have been entered into) by the Issuer or such affiliate on the Valuation Date. Therefore, the performance of the [*Underlying Currency*]/USD exchange rate will have a direct effect on the final redemption amount of the Notes. Investors should conduct their own investigation of the risks involved in investment in [*Underlying Currency*] and form their own view based on such investigations.

OPERATIONAL INFORMATION

10. ISIN Code: []
11. Common Code: []

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|-----|--|----------------------------|
| 12. | SEDOL: | [] |
| 13. | New Global Note intended to be held in a manner which would allow Eurosystem eligibility: | Not applicable |
| 14. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | None |
| 15. | Delivery: | Delivery against payment |
| 16. | Settlement procedures: | Medium Term Note |
| 17. | Additional Paying Agent(s) (if any): | None |
| 18. | Common Depository: | HSBC Bank plc |
| 19. | Agent Bank/Calculation Agent: | HSBC Bank plc |
| | — is Agent Bank to make calculations? | Yes |
| 20. | Notices:
(<i>Condition 14</i>) | Condition 14 is applicable |
| 21. | City in which specified office of Registrar to be maintained:
(<i>Condition 12</i>) | Not applicable |
| 22. | Tradeable amount: | One Note |
| 23. | Other relevant Terms and Conditions: | See Annex 1 hereto |
| 24. | Other Final Terms: | See Annex 1 hereto |
| 25. | ERISA Considerations: | Not applicable |

ANNEX 1

1. Final Redemption Amount

Unless previously redeemed or purchased and cancelled, and subject to the other terms and conditions of the Notes, the Issuer shall redeem each Note by paying on the later of the Maturity Date and the Cash Settlement Payment Date an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price or 0.03% of the issue price per Note (whichever is greater).

"**Realisable Sale Price**" is an amount calculated as follows:

- (i) The Calculation Agent shall determine the Aggregate Sale Price in respect of a number of Underlying Securities ("**X**") equal to the total number of Underlying Securities to which the Notes outstanding relate.
 - (a) If the Calculation Agent is satisfied that the Issuer, or an affiliate of the Issuer (an "**Affiliate**") held Underlying Securities on the "Determination Date" (being the Valuation Date, in the case of the Final Redemption Amount, or, in the case of an Early Redemption Amount, the day on which the Issuer gave notice of redemption, or if that day was not an Exchange Business Day on which there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event) and that on and from the Determination Date the Issuer or such Affiliate has in good faith sought to dispose of or otherwise realise such Underlying Securities (or if the Issuer's or such Affiliate's holding of Underlying Securities exceeded X, X of them) through the Exchange (in the Issuer's or such Affiliate's absolute discretion), then the "**Aggregate Sale Price**" shall be the aggregate price at which the Issuer or such Affiliate effects the disposal or realisation of such Underlying Securities or, as the case may be, X of them ("**Gross Sale Price**"), deducting any Costs incurred in connection with such disposal or realisation.
 - (b) If the Calculation Agent is satisfied that the number of Underlying Securities held by the Issuer or its Affiliate ("**Y**") on the Determination Date was less than X and that on and from the Determination Date the Issuer or such Affiliate has in good faith sought to dispose of such Underlying Securities through the Exchange (in the Issuer's or such Affiliate's absolute discretion), the Calculation Agent shall:
 - (A) determine the average price per Underlying Security ("**M**") at which the Issuer or such Affiliate effected the disposal or realisation of Y number of Underlying Securities (such amount multiplied by X being the "**Gross Sale Price**", and
 - (B) deduct any Costs per Underlying Security from M (the resulting figure being "**N**"), and
 - (C) multiply N by X (the resulting figure being the "**Aggregate Sale Price**").
 - (c) In all other cases, the "**Aggregate Sale Price**" shall be the aggregate price, as determined by the Calculation Agent, at which a UK incorporated company which was a holder of X number of Underlying Securities on the Determination Date would have been able to dispose of such Underlying Securities through any applicable Exchange (in the Calculation Agent's absolute discretion) ("**Gross Sale Price**"), deducting any Costs which, in the determination of the Calculation Agent would have been incurred in effecting such disposal.

- (d) Any disposal effected by the Issuer or its Affiliate (and the disposal that for the purposes of subparagraph (c) the Calculation Agent determines that a UK incorporated company would have been able to effect) may be effected in one lot of Underlying Securities or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine in a case where the Issuer or an Affiliate disposes of X number of Underlying Securities, the date on which, having completed such disposals, the Issuer or such Affiliate has received the aggregate price in respect of them, and in other cases, the date on which a UK incorporated company could reasonably be expected to have completed such disposals and received the aggregate price (which shall not be earlier than the date on which it has completed the disposal of those Underlying Securities which it does hold and received the aggregate sale price in respect of them (in each case, such date being the "**ASP Receipt Date**").
- (ii) The Aggregate Sale Price received or deemed received shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that on the ASP Receipt Date the Issuer or an Affiliate, as the case may be, actually entered into an exchange transaction to convert [*Underlying Currency*] into the Specified Currency, the rate of exchange for the purposes of such conversion, as determined by the Calculation Agent, shall be the rate actually obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate on the Valuation Date in respect of the Aggregate Sale Price. In other cases, the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a UK incorporated company who received the Aggregate Sale Price on the ASP Receipt Date would have been able to convert the Aggregate Sale Price into the Specified Currency, taking into account the effect of any NDF transaction that such company would have entered, or would have been able to enter, into in respect of the Aggregate Sale Price on the Valuation Date. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs. The resulting amount (the "**ASP Converted Amount**") less Redemption Costs divided by X and then multiplied by 1.0000 (being the number of Underlying Securities to which each Note relates) shall be the Realisable Sale Price.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following the day (determined by the Calculation Agent) on which the Issuer or its Affiliate actually received the ASP Converted Amount in respect of an exchange transaction entered into on the ASP Receipt Date or on which a UK incorporated company entering into an exchange transaction on the ASP Receipt Date would have received the ASP Converted Amount.

- (iii) For the purposes of this Annex:

"**Costs**" shall mean the costs taken into account in determining the Aggregate Sale Price, [*Underlying Currency*] Receipt or Event Payment (as appropriate) including, without limitation, all brokers' fees, bank and custody charges, transaction processing fees and expenses and all taxes and other duties in respect of the Underlying Securities.

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting the Aggregate Sale Price into the ASP Converted Amount and the [*Underlying Currency*] Receipt and Event Receipt into the Converted Amount respectively, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or its Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a UK incorporated company.

"**Redemption Commission**" shall be defined as the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage (as specified in the Final Terms) of the Gross Sale Price.

"**Redemption Costs**" shall mean the greater of zero, and the Redemption Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

"**Transaction Costs**" shall mean the value of the relevant Costs and Conversion Costs aggregated together.

2. **Additional Payments**

If during the period from but excluding the Issue Date to but including the Valuation Date (the "**Relevant Period**") the Underlying Securities are marked on the Exchange as ex-dividend or ex-distribution (the date on which they are so marked being the "**Mark Date**") additional payments will be made as follows by the Issuer in respect of the dividend or distribution in question:

- (a) Where the dividend or distribution in question is, in the determination of the Calculation Agent, to be paid by the Underlying Company out of distributable reserves, the Issuer shall make an additional payment per Note calculated as follows.

If the Calculation Agent is satisfied that on the Mark Date the Issuer or an Affiliate held any Underlying Securities, the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it was received being the "**Receipt Date**") and divide that net aggregate amount by the number of Underlying Securities so held by the Issuer or such Affiliate to give a per Underlying Security amount (the "*[Underlying Currency]* **Receipt**").

If the Calculation Agent is satisfied that on the Mark Date neither the Issuer nor its Affiliates held any Underlying Securities, the *[Underlying Currency]* Receipt shall be the net amount which, in the determination of the Calculation Agent, would have been receivable by a UK incorporated company which was a holder of one Underlying Security on the Mark Date after deduction of Costs, and the Receipt Date shall be the date on which, in the determination of the Calculation Agent, such UK incorporated company would have received the *[Underlying Currency]* Receipt.

- (b) Where the dividend or distribution in question is, in the determination of the Calculation Agent, not to be paid by the Underlying Company out of distributable reserves, the Issuer shall make an additional payment per Note calculated as follows.

If the Calculation Agent is satisfied that on the Mark Date the Issuer or an Affiliate held any Underlying Securities, the Calculation Agent shall determine the net cash value of the dividend or distribution which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs and divide that net cash value by the number of Underlying Securities so held by the Issuer or such Affiliate to give a per Underlying Security amount (the "*[Underlying Currency]* **Receipt**").

If the Calculation Agent is satisfied that on the Mark Date neither the Issuer nor its Affiliates held any Underlying Securities, the *[Underlying Currency]* Receipt shall be the net cash value of

the dividend or distribution which, in the determination of the Calculation Agent, would have been receivable by a UK incorporated company which was a holder of one Underlying Security on the Mark Date after deduction of Costs.

The cash value of any dividend or distribution shall be as determined by the Calculation Agent, save that where the Calculation Agent is satisfied that the Issuer or an Affiliate held any Underlying Securities on the Mark Date and that the Issuer or such Affiliate disposed of the relevant dividend or distribution received in respect of such Underlying Securities for cash on the date it received the same, the Calculation Agent shall have regard to the value at which the Issuer or such Affiliate disposed of the relevant dividend or distribution in determining the cash value of the relevant dividend or distribution. The Receipt Date for this purpose shall be, if the Issuer or such Affiliate received the relevant dividend or distribution and disposed of the same for cash on the date of receipt, the date on which the Issuer or such Affiliate received the cash disposal proceeds and, in any other case, the date on which a UK incorporated company who received such dividend or distribution and disposed of it immediately would have received the cash disposal proceeds, all as determined by the Calculation Agent (such cash value a “[*Underlying Currency*] Receipt”).

The [*Underlying Currency*] Receipt shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that on the Receipt Date the Issuer or an Affiliate actually entered into an exchange transaction to convert [*Underlying Currency*] into the Specified Currency, the rate of exchange for the purposes of such conversion shall be the rate actually obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a UK incorporated company who received a [*Underlying Currency*] Receipt on the Receipt Date would have been able to convert the [*Underlying Currency*] Receipt into the Specified Currency. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs. The resulting amount (the "**Converted Amount**") multiplied by 1.0000 shall be the amount of the additional payment (the "**Additional Payment**") per Note.

Any Additional Payments shall be payable by the Issuer on the third Relevant Financial Centre Day following the day (determined by the Calculation Agent) on which the Issuer or its Affiliate actually received the Converted Amount in respect of an exchange transaction entered into on the Receipt Date or on which a UK incorporated company entering into an exchange transaction on the Receipt Date would have received the Converted Amount.

Additional Payments shall be payable, where the Notes are held in Euroclear and/or Clearstream, to the persons shown in the records of Euroclear or Clearstream as Noteholders on the Business Day immediately preceding the Mark Date, and in any other case to the holders for the time being of the Notes (irrespective of whether or not they were Noteholders on the Business Day immediately preceding the Mark Date).

3. **Payment in respect of Merger, Nationalisation or Insolvency Events**

For the purposes of payments (if any) made pursuant to Condition 10(e)(ii) or Condition 10(e)(iii) ("**Event Payment**");

- (a) If the Issuer or an Affiliate held any Underlying Securities at the time of the occurrence of the Merger Event or Nationalisation or Insolvency Event (the "**Event Occurrence Date**"), the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it was actually received being the "**Event Receipt Date**") and divide that net cash value by the number of Underlying Securities so held by the Issuer or such Affiliate to give a per Underlying Security amount (the "**Event Receipt**").
 - (b) If neither the Issuer nor its Affiliates held any Underlying Securities on the Event Occurrence Date, the Event Receipt shall be the net cash value of the payment per Underlying Security which, in the determination of the Calculation Agent, would have been received on the Event Receipt Date by a UK incorporated company which was a holder of Underlying Securities on the Event Occurrence Date after deduction of Costs.
 - (c) Where the Event Receipt is in the same currency as the Specified Currency, the Event Receipt multiplied by 1.0000 shall be the amount of the Event Payment per Note. Where this sub-paragraph (c) applies, the Event Payment shall not be made sooner than the Event Receipt Date.
 - (d) Where the Event Receipt is not in the same currency as the Specified Currency, it shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that on the Event Receipt Date the Issuer or an Affiliate actually entered into an exchange transaction to convert [*Underlying Currency*] into the Specified Currency, the rate of exchange for the purposes of such conversion shall be the rate actually obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a UK incorporated company who received an Event Receipt on the Event Receipt Date would have been able to convert the Event Receipt into the Specified Currency. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs. The resulting amount (the "**Converted Amount**") multiplied by 1.0000 shall be the amount of the Event Payment per Note. Where this sub-paragraph (d) applies, the Event Payment shall not be made sooner than the day on which the Issuer or such Affiliate actually received the Converted Amount in respect of an exchange transaction entered into on the Event Receipt Date or on which a UK incorporated company entering into an exchange transaction on the Event Receipt Date would have received the Converted Amount.
 - (e) Event Payments shall be payable, where the Notes are held in a clearing system such as DTC, Euroclear and/or Clearstream, to the persons shown in the records of DTC, Euroclear or Clearstream, as the case may be, as Noteholders on the Business Day immediately preceding the Event Occurrence Date, and in any other case to the holders for the time being of the Notes (irrespective of whether or not they were Noteholders on the Business Day immediately preceding the Event Occurrence Date).
4. **Other terms or special conditions relating to Index-Linked Notes, Cash Equity Notes or Equity-Linked Notes:**
- 4.1 Notwithstanding Condition 6(c), whenever any sum is due in respect of the Notes (whether upon early redemption or upon final redemption or otherwise), the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Notes if, and for as long as, in the determination of the Calculation

Agent, (i) dealing by the Issuer, any Affiliate or UK incorporated companies generally in the Underlying Securities is or is likely to be prevented, delayed or restricted by closure of a relevant Exchange, suspension of trading in the Underlying Securities or other circumstances or (ii) a Currency Event has occurred. The Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Noteholders as soon as practical of any such suspension and of the termination of any such suspension.

For the purposes hereof:

"Currency Event" means the occurrence of an event or condition which, in the opinion of the Calculation Agent, has the effect of further restricting, prohibiting or delaying the exchange of [*Underlying Currency*] for the Specified Currency or the transfer of the Specified Currency out of [*specify Underlying Country*], or the transfer of [*Underlying Currency*] within [*specify Underlying Country*], in each case when compared with the restrictions, prohibitions and delays existing on the Issue Date.

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