

Final Terms dated 20 December 2010



HSBC COVERED BONDS (France)

Issue of CHF 200,000,000 2.00 per cent. Covered Bonds due 23 April 2019

under the € 8,000,000,000 Covered Bond Programme

Issue Price: 100.746 per cent.

Joint-Lead Managers:

The Royal Bank of Scotland plc, Edinburgh, Zurich Branch
Credit Suisse AG

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 7 December 2010, which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**").

This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus and the Swiss listing prospectus dated 20 December 2010 (the "**Swiss Listing Prospectus**") and prepared for the listing of the Covered Bonds at the SIX Swiss Exchange. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms, the Base Prospectus and the Swiss Listing Prospectus. The Base Prospectus and the Swiss Listing Prospectus are available at The Royal Bank of Scotland plc, Edinburgh, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland.

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| 1. Issuer: | HSBC Covered Bonds (France) |
| 2. (i) Series Number: | 4 |
| (ii) Tranche Number: | 1 |
| 3. Specified Currency or Currencies: | Swiss Francs (" CHF ") |
| 4. Aggregate Nominal Amount of Covered Bonds: | CHF 200,000,000 |
| 5. Issue Price: | 100.746 per cent. of the Aggregate Nominal Amount (before commissions and expenses) |
| 6. Specified Denominations: | CHF 5,000, CHF 100,000 and CHF 1,000,000 |
| 7. (i) Issue Date: | 23 December 2010 |
| (ii) Interest Commencement Date: | Issue Date |
| 8. Final Maturity Date: | 23 April 2019 |
| 9. Extended Final Maturity Date: | Not Applicable |
| 10. Interest Basis: | 2.00 per cent. Fixed Rate
<i>(further particulars specified below)</i> |
| 11. Redemption/Payment Basis: | Redemption at par |
| 12. Change of Interest or Redemption/Payment Basis: | Not Applicable |
| 13. Put/Call Options: | Not Applicable |
| (i) Status of the Covered Bonds: | Senior |
| (ii) Date of Board approval for issuance of Covered Bonds obtained: | 2 December 2010 |
| 14. Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Covered Bond Provisions: Applicable
- (i) Rate of Interest: 2.00 per cent. per annum payable annually in arrear
 - (ii) Interest Payment Date(s): 23 April in each year, for the first time on 23 April 2011 (first short coupon) up to and including the Final Maturity Date
 - (iii) Fixed Coupon Amounts: CHF 100.00 per CHF 5,000 Specified Denomination
CHF 2,000 per CHF 100,000 Specified Denomination
CHF 20,000 per CHF 1,000,000 Specified Denomination
(except for short first Coupon)
 - (iv) Broken Amounts: From and including the Issue Date to but excluding 23 April 2011 for an amount of:
CHF 33.3333 per CHF 5,000 Specified Denomination
CHF 666.6667 per CHF 100,000 Specified Denomination
CHF 6'666.6667 per CHF 1,000,000 Specified Denomination
 - (v) Day Count Fraction: 30/360 (following, unadjusted)
 - (vi) Determination Dates: Not Applicable
 - (vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: Not Applicable
16. Floating Rate Covered Bond Provisions: Not Applicable
17. Zero Coupon Covered Bond Provisions: Not Applicable
18. Index-Linked Interest Covered Bond/other variable-linked interest Covered Bond Provisions: Not Applicable
19. Dual Currency Covered Bond Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

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| 20. Call Option: | Not Applicable |
| 21. Put Option: | Not Applicable |
| 22. Final Redemption Amount of each Covered Bond: | CHF 5,000 per Covered Bond of CHF 5,000 Specified Denomination
CHF 100,000 per Covered Bond of CHF 100,000 Specified Denomination
CHF 1,000,000 per Covered Bond of CHF 1,000,000 Specified Denomination |
| 23. Early Redemption Amount: | |
| Early Redemption Amount(s) of each Covered Bond payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same and/or any other terms (if required or if different from that set out in Condition 7): | CHF 5,000 per Covered Bond of CHF 5,000 Specified Denomination
CHF 100,000 per Covered Bond of CHF 100,000 Specified Denomination
CHF 1,000,000 per Covered Bond of CHF 1,000,000 Specified Denomination |

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

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| 24. Form of Covered Bonds: | Materialised Covered Bonds |
| (i) Form of Dematerialised Covered Bonds: | Not Applicable |
| (ii) Registration Agent: | Not Applicable |
| (iii) Temporary Global Certificate: | Applicable. |
- The Covered Bonds will be represented by a temporary global certificate without interest coupons (the "**Temporary Global Certificate**"), which will initially be issued and deposited with SIX SIS AG, Olten, Switzerland ("**SIS**") the Swiss Securities Services Corporation in Olten, Switzerland (SIX SIS AG) or any other intermediary in Switzerland recognized for such purposes by SIX Swiss Exchange Ltd (SIX SIS AG or any such other intermediary, the "**Intermediary**") until the printing of the definitive materialised covered bonds (the "**Definitive Materialised Covered Bonds**").
- Subject to any postponement as indicated on the Temporary Global Certificate, the Temporary Global Certificate will be exchanged for Definitive Materialised Covered Bonds on or after 1 February 2011 (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as

provided in the Temporary Global Certificate.

Once the Temporary Global Certificate, and, subsequently, the Definitive Materialised Covered Bonds, is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Covered Bonds will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

The records of the Intermediary will determine the number of Covered Bonds held through each participant in that Intermediary. In respect of the Covered Bonds held in the form of Intermediated Securities, the holders of the Covered Bonds (the "**Holders**") will be the persons holding the Covered Bonds in a securities account (*Effektenkonto*) which is in their name, or in the case of intermediaries (*Verwahrungsstellen*) holding the Covered Bonds for their own account in a securities account which is in their name.

Each Holder shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Temporary Global Certificate to the extent of his claims against the Issuer, provided that for so long as the Temporary Global Certificate remains deposited with the Intermediary, the co-ownership interest shall be suspended, and for so long as the Temporary Global Certificate or the Definitive Materialised Covered Bonds remain deposited with the Intermediary, the Covered Bonds may only be transferred by the entry of the transferred Covered Bonds in a securities account of the transferee.

In accordance with the listing rules of the SIX Swiss Exchange, the Definitive Materialised Covered Bonds will be printed free of charge for the Bondholders.

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| 25. Financial Centres or other special provisions relating to payment dates for the purposes of Condition 8(g): | TARGET and Zurich |
| 26. Talons for future Coupons or Receipts to be attached to Definitive Materialised Covered Bonds (and dates on which such Talons mature): | Not Applicable |
| 27. Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date | Not Applicable |

on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:

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| 28. Details relating to Instalment Covered Bonds: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 29. Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 30. Consolidation provisions: | Not Applicable |
| 31. Other final terms: | (see also item 24 (iii) above) |

The following shall (for the purpose of this Series of Covered Bonds only) be added to the opening lines of the Conditions of the Covered Bonds:

"For the purpose of the Covered Bonds the Issuer has, together with The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch (the "**Principal Swiss Paying Agent**") and the other parties named therein, entered into a supplemental agency agreement dated 20 December 2010 (the "**Supplemental Agency Agreement**").

For the purpose of the Covered Bonds, any reference in the Conditions of the Covered Bonds to the "Principal Paying Agent", the "Paying Agent" or the "Calculation Agent" shall, so far as the context permits, be construed as reference to the Principal Swiss Paying Agent.

In relation to the Covered Bonds the address of the Principal Swiss Paying Agent is The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, CH-8022 Zurich, Switzerland."

For the purpose of this Series of Covered Bonds only, Condition 8 shall be supplemented as follows and Condition 8 shall be construed accordingly:

"In respect of the Covered Bonds, the Issuer will at all times maintain a Paying Agent having a specified office in Switzerland and (in respect of this Series of Covered Bonds only) will at no time maintain a Paying Agent having a specified office outside of Switzerland, unless permitted by applicable law. The Supplemental Agency Agreement (as defined above) will also contain certain

other modifications to the Agency Agreement, necessary as a consequence of the issue of Covered Bonds denominated in Swiss Francs and listed on the SIX Swiss Exchange.

Payments of principal and interest in respect of Covered Bonds denominated in Swiss francs will be made irrespective of any present or future transfer restrictions and without regard to any bilateral or multilateral payment or clearing agreement which may be applicable at the time of such payments in freely disposable Swiss francs without collection costs in Switzerland and without any restrictions and irrespective of nationality, domicile or residence of a Bondholder or Couponholder and without requiring any certification, affidavit or the fulfilment of any other formality.

The receipt by the Principal Swiss Paying Agent (as defined above) of the due and punctual payment of the funds in Swiss francs in Zurich, in the manner provided by the Conditions and these Final Terms, releases the Issuer from its obligation under the Covered Bonds and Coupons for the payment of interest and principal due on the respective Interest Payment Dates and on the Final Maturity Date to the extent of such payment."

For the purpose of this Series of Covered Bonds only, Condition 9(b)(iii) of the Conditions shall be deleted and replaced by the following provisions:

"(iii) *Payment to individuals*: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive or any agreement on the taxation of savings income entered into by non-EU-Member States (including Switzerland) with a view to implementing such Directive."

For the purpose of this Series of Covered Bonds only, the following provisions shall be inserted immediately following Condition 17 of the Conditions:

"So long as the Covered Bonds are listed on the SIX Swiss Exchange and so long as the rules of the SIX Swiss Exchange so require,

all notices in respect of the Covered Bonds will be validly given through the Principal Swiss Paying Agent (i) by means of electronic publication on the internet website of the SIX Swiss Exchange (www.six-exchange-regulation.com/publications/communiqués/official_notices_en.html), or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange."

DISTRIBUTION

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| 32. (i) If syndicated, names of Managers: | Joint-Lead Managers:
The Royal Bank of Scotland plc, Edinburgh, Zurich Branch
Credit Suisse AG |
| (ii) Date of subscription agreement: | 20 December 2010 |
| (iii) Stabilising Manager(s) (if any): | Not Applicable |
| 33. If non-syndicated, name of Dealer: | Not Applicable |
| 34. Additional selling restrictions: | Not Applicable |
| 35. U.S. selling restrictions: | TEFRA D Rules in accordance with usual Swiss practice (the Covered Bonds shall be issued pursuant to the exemptions from the certification requirements under TEFRA rules) |

GENERAL

The aggregate principal amount of Covered Bonds issued has been translated into Euro at the rate of 1.3270 per cent. producing a sum of: 150,715,900.53

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the SIX Swiss Exchange of the Covered Bonds described herein pursuant to the Euro 8,000,000,000 Covered Bond Programme of HSBC Covered Bonds (France).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of HSBC Covered Bonds (France):

By:

Duly authorised

PART B – OTHER INFORMATION

1. RISK FACTORS

As set out in the Chapter "Risk Factors" of the Base Prospectus"

2. LISTING AND ADMISSION TO TRADING

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| (i) | Listing: | SIX Swiss Exchange |
| (ii) | (a) Admission to trading: | Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be provisionally admitted to trading on the SIX Swiss Exchange with effect from 21 December 2010 until 16 April 2019. |
| | (b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Covered Bonds to be admitted to trading are already admitted to trading: | Not Applicable |
| (iii) | Estimate of total expenses related to admission to trading: | Not Applicable |
| (iv) | Additional publication of Base Prospectus and Final Terms: | Not Applicable |

3. RATINGS

Ratings:	The Covered Bonds to be issued have been rated: S & P: AAA Moody's: Aaa
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4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

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

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| (i) Reasons for the offer: | The net proceeds of the issue of the Covered Bonds will be used to fund Borrower Advances under the Borrower credit Facility to be made available by the Issuer to the Borrower. |
| (ii) Estimated net proceeds: | CHF 199,367,000 |
| (iii) Estimated total expenses: | CHF 125,000 |

6. YIELD

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| Indication of yield: | 2.001 |
| | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

7. OPERATIONAL INFORMATION

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| ISIN Code: | CH0120743346 |
| Common Code: | 056506063 |
| Depositories: | |
| (i) Euroclear France to act as Central Depository | No |
| (ii) Common Depository for Euroclear Bank and Clearstream Banking, <i>société anonyme</i> | No |
| Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s): | SIX SIS Ltd, the Swiss securities services corporation in Olten, Switzerland
Swiss Security Nr: 12.074.334 |
| Delivery: | Delivery against payment |
| Names and addresses of the Paying Agents in respect of the Covered Bonds: | The Royal Bank of Scotland N.V.,
Amsterdam, Zurich Branch
Lerchenstrasse 24
CH-8045 Zurich

Credit Suisse AG
Paradeplatz 8
CH-8001 Zurich |