

Investor Presentation

Consent Solicitation on HSBC SFH (France) Covered Bonds maturing in 2023 and 2025

Date: 25 November 2021



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Information in this presentation was prepared as at 25 November 2021.

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Transaction Overview & Consent Solicitation



Transaction Overview

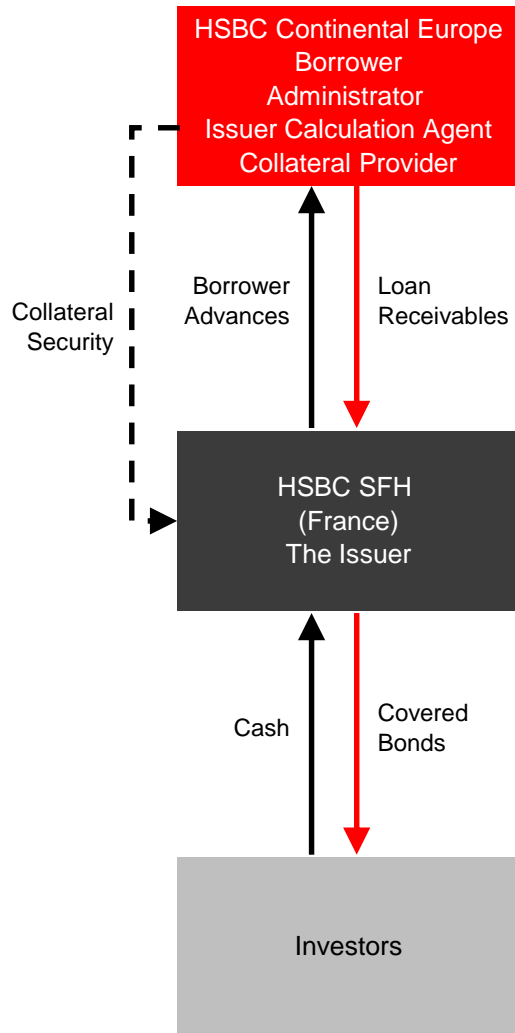
Consent Solicitation on HSBC SFH (France) Covered Bonds maturing in 2023 and 2025

Context	<ul style="list-style-type: none">▪ On 18 June 2021, HSBC Continental Europe (“HBCE”) signed a Memorandum of Understanding with Promontoria MMB SAS, its subsidiaries Banque des Caraïbes SA and My Money Bank (together with their subsidiaries “My Money Group”), regarding the potential sale of its retail banking business in France which includes HBCE’s 100% ownership interest in HSBC SFH (France) (the “Issuer”)▪ On 25 November 2021, HBCE, Promontoria MMB SAS and Banque des Caraïbes SA entered into a Framework Agreement whereby HBCE would transfer, among other things, and subject to the satisfaction of certain conditions, its full ownership interest in the Issuer and most of its rights and obligations under the Programme Documents to which it is a party, including, notably, in its capacity as borrower, administrator, issuer calculation agent and cash collateral provider, to (i) Banque des Caraïbes SA and/or (ii) any other entity within My Money Group (the “Transfer”), all as further described in the transaction update published by HBCE on its website (https://www.hsbc.fr/en-fr/actualites/) and in a press release published by Promontoria MMB SAS on its website (https://www.mymoneybank.com/en/news)▪ The completion of the Transfer is expected on 31 December 2023 (or such other date as will be notified by the Issuer to the Bondholders).
Consent Solicitation	<ul style="list-style-type: none">▪ The Issuer is thus seeking to obtain consent from the bondholders of 2 series of Covered Bonds issued by the Issuer and maturing in or after 2023 to approve the Transfer and all consequential amendments to the Programme Documents and to the terms and conditions of the Covered Bonds;<ul style="list-style-type: none">- €1,250,000,000 2.00 per cent. Covered Bonds due 16 October 2023 (ISIN: FR0011470764) of which €1,250,000,000 are currently outstanding (the “2023 Covered Bonds”); and- €1,000,000,000 0.500 per cent. Covered Bonds due 17 April 2025 extendible as Floating Rate Covered Bonds up to 17 April 2026 (ISIN: FR0013329638) of which €1,000,000,000 are currently outstanding (the “2025 Covered Bonds” and, together with the 2023 Covered Bonds, the “Covered Bonds”).▪ The Covered Bonds have been issued by the Issuer and are currently legal, valid and binding obligations of the Issuer. 100% of the Issuer’s share capital is held directly or indirectly by HBCE▪ As mentioned by My Money Group in their Investor presentation made available today on its Website (https://www.mymoneybank.com/sites/corporate/files/medias/document/2021-11/HSBC-SFH-Consent-Solicitation-en.pdf):<ul style="list-style-type: none">- if the Transfer is approved, it is expected that the Issuer will become a strategic tool for the funding of the residential real estate business acquired from HBCE (c. €20bn mortgage book as of YE ‘20), a core growth pillar of My Money Group’s retail business development; and- the Issuer is expected to be a recurring issuer in the covered bonds market.▪ <i>It should be noted that the sale of HBCE’s French retail banking business is structured such that it may proceed even if the relevant conditions to the transfer of the Issuer (consent of the relevant Bondholders at any relevant Meeting) is not fulfilled. If the relevant Resolutions are rejected by the Bondholders of the relevant Meeting, the relevant Conditions will not be modified and as a result the Transfer shall not occur.</i>

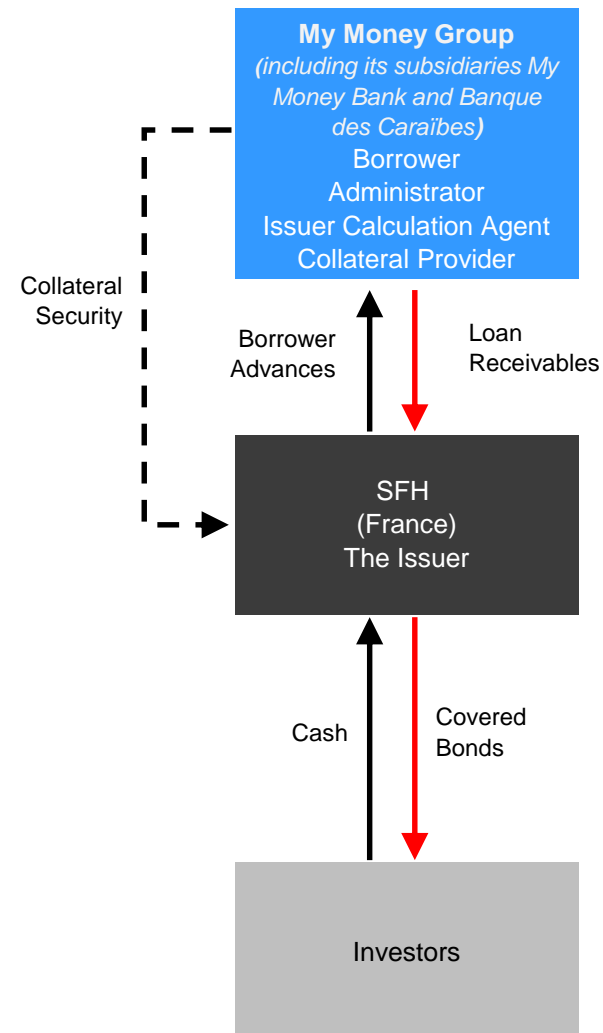
Transaction Overview

Simplified Programme Structure - Before/After the Transfer

Current Programme Structure (simplified)



Indicative(*) programme structure after the Transfer



(*) Indicative contemplated SFH programme structure subject to regulatory approvals

Consent Solicitation

Proposed Amendments

Proposed Amendments

Approval of the Transfer and, as a consequence, approval of the amendments to the Programme Documents and the Conditions of the 2023 and 2025 Covered Bonds

- a) approves the Transfer and all consequential amendments to the Programme Documents
- b) waives any undertaking made by HBCE to the benefit of the Bondholders (as defined in the 2023 Conditions and 2025 Conditions) in any such Programme Documents including any Rating Affirmation and/or Representative Consent
- c) notes, as a result of a) above, that the Issuer has requested the Bondholders to approve the amendments to the 2023 Conditions and 2025 Conditions so that the modifications of the Programme Documents in the context of the Transfer will not entail any subsequent meetings of Bondholders
- d) approves the following amendments to the 2023 Conditions and 2025 Conditions
 - Condition 1 (*Definitions*): a new definition of “Transfer“ and a new definition of “Transfer Rating Condition”
 - Condition 5(d) (*Restrictions on mergers or reorganisations*): shall not apply in the context of and following completion of the Transfer provided that the Transfer Rating Condition is satisfied at the time that such Transfer is effected
 - Condition 5(g) (*Hedging Strategy*) of the 2023 Conditions will be amended so that this Condition will not apply in the context of and following completion of the Transfer;
 - Condition 5(h) (Programme Documents) of the 2023 Conditions and Condition 5(g) (Programme Documents) of the 2025 Conditions will be amended to enable the Issuer to amend, modify, alter, terminate or supplement any Programme Document to which it is a party (i) to reflect amendments that are directly related to, or consequential from, the Transfer, including removing any condition regarding any Representative Consent, subject in all cases to the Transfer Rating Condition being satisfied; or (ii) to allow for the removal of the rating assigned by Moody’s to the Covered Bonds including any reference thereto in any further Rating Affirmation, in each case without prior Rating Affirmation
 - Condition 5(k) (*Ratings of further Issuance*) of the 2023 Covered Bonds and Condition 5(j) (*Ratings of further Issuance*) of the 2025 Covered Bonds: exception included in the context of the Transfer and following the completion of the Transfer
 - Condition 12 (*Representation of Bondholders*): exclude the obligation to hold future Bondholders’ meetings in respect of the Transfer
 - Condition 14 (*Limited recourse, Non petition*): remove referencing to HSBC France (former legal name of HBCE)
- In respect of the 2023 Covered Bonds only, there will be a resolution for the appointment of a new Representative of the Masse and a new Alternative Representative and determination of their remuneration following the resignation of BNP Paribas Securities Services and the alternative representative

Consent Solicitation

Main Definitions

2023 Conditions	<ul style="list-style-type: none">Terms and conditions of the 2023 Covered Bonds comprised in the Base Prospectus dated 4 October 2012 (as supplemented by a first supplement dated 20 December 2012 and a second supplement dated 20 March 2013) and the Final Terms dated 12 April 2013 relating to such 2023 Covered Bonds.
2025 Conditions	<ul style="list-style-type: none">Terms and conditions of the 2025 Covered Bonds comprised in the Base Prospectus dated 23 November 2017 (as supplemented by a first supplement dated 16 February 2018) and the Final Terms dated 13 April 2018 relating to such 2025 Covered Bonds.
Conditions	<ul style="list-style-type: none">The 2023 Conditions and the 2025 Conditions and each the “relevant Conditions”.
Framework Agreement	<ul style="list-style-type: none">The agreement dated 25 November 2021 setting, among other things, the terms and conditions of the Transfer.
MMB	<ul style="list-style-type: none">My Money Bank, a French joint stock company (société anonyme), licensed as an établissement de crédit and a member of the My Money Group, with a share capital of EUR 276,154,299.74, having its registered office located at Tour Europlaza, 20 avenue André Prothin, 92063 Paris la Défense Cedex, France, registered with the Trade and Companies Registry under number 784 393 340 R.C.S. Nanterre.
Programme Documents	<ul style="list-style-type: none">In respect of each Series, the documents or agreements defined as “Programme Documents” in the relevant Conditions and any other document, agreement or undertaking amending, supplementing or replacing the same.
Transfer	<ul style="list-style-type: none">The transfer by HBCE, subject to the satisfaction of certain conditions, of, among other things, its full ownership interest in the Issuer and of most of its rights and obligations under the Programme Documents to which it is a party, including, notably, in its capacity as borrower, administrator, issuer calculation agent and cash collateral provider, to (i) Banque des Caraïbes SA and/or (ii) to any other entity within My Money Group.
Transfer Rating Condition	<ul style="list-style-type: none">Means the condition whereby the rating assigned by S&P to the Covered Bonds, at the time of the Transfer, is:<ul style="list-style-type: none">(a) at least AAA; or(b) no lower than the then prevailing rating assigned by S&P to the covered bonds issued by MMB SCF; or(c) the highest achievable long-term rating assignable to covered bonds issued by a French law governed <i>société de financement à l’habitat</i> under the then prevailing S&P covered bonds methodology (the “Applicable Rating Methodology”):<ul style="list-style-type: none">(i) structured with MMB acting as borrower and collateral provider;(ii) with an equivalent cover pool as the Issuer,(iii) with the same or equivalent structural features as the Issuer (except in respect of any amendments which are directly related to, or consequential from, the Transfer as permitted under Condition 5(h) (Programme Documents) of the 2023 Conditions and Condition 5(g) (Programme Documents) of the 2025 Conditions), and(iv) ensuring that all relevant counterparties to such a <i>société de financement à l’habitat</i> are appropriately rated in accordance with the Applicable Rating Methodology for such rating level.

Consent Solicitation

Overview

Covered Bonds	Issuer	ISIN	CCY	Issued Amount (M)	O/S Amount (M)	Coupon	Maturity
Covered Bonds	HSBC SFH (France)	FR0011470764	EUR	1,250	1,250	2.000%	16/10/2023
		FR0013329638	EUR	1,000	1,000	0.500%	17/04/2025 ¹
Required Consent Threshold	<ul style="list-style-type: none"> ▪ Quorum: <ul style="list-style-type: none"> ▪ 20% of the principal amount of each Series of Covered Bonds for the meeting held on first convocation ▪ No quorum is required for the meeting held on second convocation ▪ Majority: 2/3 of the votes cast of bondholders present or represented 						
Consent Fees	<p>Subject to all Resolutions being approved at the Meetings of each Series of Covered Bonds (whether held on first convocation or second convocation) (such interconditionality being waivable by the Issuer in its sole and absolute discretion), the Issuer will pay:</p> <p>First Consent Fee Payment</p> <ul style="list-style-type: none"> ▪ Will only be paid to any Bondholder who has validly cast its vote (whether this bondholder voted “For”, “Against” or “Abstention”) ▪ It will be paid at the latest 3 Business Days following the date of the latest Meeting of any Series (i.e. 10 December 2021, on first convocation or, if the quorum is not met with respect to any Series of Covered Bonds, 21 December 2021², on second convocation) <ul style="list-style-type: none"> ▪ 2023 Covered Bonds: 0.10% of the aggregate nominal amount for which any Bondholder has validly cast its vote ▪ 2025 Covered Bonds: 0.20% of the aggregate nominal amount for which any Bondholder has validly cast its vote <p>Second Consent Fee Payment</p> <ul style="list-style-type: none"> ▪ It will be paid to each Bondholder holding the relevant Covered Bonds at the Second Consent Fee Payment Date which is at the latest 5 Business Days following the completion of the Transfer, only (i) for the 2023 Covered Bonds, if the Transfer is completed prior to 16 October 2023 (being the maturity date of the 2023 Covered Bonds) and (ii) for the 2025 Covered Bonds, if the Transfer is completed; and whether or not these Bondholders have voted at the Meetings ▪ Bondholders who would have sold their Covered Bonds before the Transfer will not receive the Second Fee Payment, whether or not they voted at the time of the Meetings ▪ It will be paid at the latest 5 Business Days following the completion of the Transfer which is expected to occur by 31 December 2023 (or such other date as will be notified by the Issuer) <ul style="list-style-type: none"> ▪ 2023 Covered Bonds: 0.05% of the aggregate nominal amount ▪ 2025 Covered Bonds: 0.05% of the aggregate nominal amount 						
Procedures to participate	<ul style="list-style-type: none"> ▪ Bondholders that wish to vote at the relevant Meeting can either (a) physically attend the relevant Meeting (b) vote by proxy or (c) vote by correspondence by following the procedure and deadlines set in the Consent Solicitation Memorandum ▪ Bondholders should note that the deadlines for the receipt by the Centralising Agent of Voting Documents will be the Voting Documents Deadline: 3 calendar days prior to the relevant Meeting ▪ Relevant Voting Documents and Account Holder Certificates sent in respect of the relevant Meeting on first convocation shall remain valid on second convocation (except in case of sale of the Covered Bonds and provided that the Account Holder Certificates state that such document remain valid for any subsequent meetings called to act on the same agenda). 						

1. Subject to extension

2. Subject to adjustment as may be specified in the convening notice convening such meeting on second convocation

Consent Solicitation Expected Timetable

November 2021		December 2021						In 2023	
Launch of the Consent		Voting Documents Deadline	Meetings on first convocation	Potential First Consent Fee Payment ¹	Voting Documents Deadline	Meetings on second convocation	Potential First Consent Fee Payment ¹	Completion of the Transfer	Second Consent Fee Payment ²
25 Nov		7 Dec	10 Dec	15 Dec	18 Dec (*)	21 Dec (*)	24 Dec	Exp. By 31 Dec	T+[5]
Date and Time	Event								
25 November 2021	Announcement of the Consent Solicitation and Publication of the Notices								
7 December 2021 at 23.59 (Paris time) (final reception date)	Latest time and date for receipt by the Centralising Agent of Voting Documents (Voting Documents Deadline for the meetings held on first convocation)								
10.00 a.m. (Paris time) (for the 2023 Meeting) and 11.00 a.m. (Paris time) (for the 2025 Meeting) on 10 December 2021	Account Holder Certificates Deadline								
10.00 a.m. (Paris time) on 10 December 2021	2023 Meeting on first convocation								
11.00 a.m. (Paris time) on 10 December 2021	2025 Meeting on first convocation								
As soon as reasonably practicable after each Meeting held on first convocation	Publication of the results of the First Meeting								
10 December 2021 (*)	If the quorum is not met at the 2023 Meeting and/or the 2025 Meeting held on first convocation, notice for the second convocation								
18 December 2021 at 23.59 (Paris time) (*)	Deadline for receipt by the Centralising Agent of Voting Documents (Voting Documents Deadline for meetings held on second convocation)								
10.00 a.m. (Paris time) (for the 2023 Meeting) and 11.00 a.m. (Paris time) (for the 2025 Meeting) on 21 December 2021 (*)	Account Holder Certificates Deadline								
10.00 a.m. (Paris time) on 21 December 2021 (*)	2023 Meeting on second convocation (if applicable)								
11.00 a.m. (Paris time) on 21 December 2021 (*)	2025 Meeting on second convocation (if applicable)								
As soon as reasonably practicable after the Meeting held on second convocation	Publication of the results of the Meeting held on second convocation								
At the latest 3 Business Days following the date of the latest Meeting of any Series (i.e. 10 December 2021, on first convocation or, if the quorum is not met with respect to any Series of Covered Bonds, 21 December 2021 (*), on second convocation)	Payment of the First Consent Fee - Subject to all Resolutions being approved at the Meeting of each Series (such interconditionality being waivable by the Issuer in its sole and absolute discretion)								
As soon as practicable following the completion of the Transfer	Announcement of the completion of the Transfer via notice								
At the latest 5 Business Days following the Completion of the Transfer	Payment of the Second Consent Fee, if applicable								

1. If the Resolutions are approved; 2. If the Resolutions are approved and the Transfer has been completed (interconditionality is waivable by the Issuer in its sole and absolute discretion);

(*) Indicative Dates, subject to change or adjustment

Consent Solicitation

Documents available to Investors

2023 Meeting	<ul style="list-style-type: none">▪ Report of the Issuer’s Board of Directors dated 25 November 2021▪ Text of the proposed 2023 Resolutions included in Section 7 of the Consent Solicitation Memorandum▪ 2023 Conditions▪ Consent Solicitation Memorandum▪ Relevant Voting Documents included in Section 7 of the Consent Solicitation Memorandum
2025 Meeting	<ul style="list-style-type: none">▪ Report of the Issuer’s Board of Directors dated 25 November 2021▪ Text of the proposed 2025 Resolutions included in Section 8 of the Consent Solicitation Memorandum▪ 2025 Conditions▪ Consent Solicitation Memorandum▪ Relevant Voting Documents included in Section 8 of the Consent Solicitation Memorandum
Links to Website	<ul style="list-style-type: none">▪ Consent Solicitation Memorandum available at the registered office of the Issuer, at the office of the Centralising Agent (copies of which are obtainable, upon request, free of charge), and at the specified office of the Paying Agent▪ Publication of the 2023 Notice and 2025 Notice through Euroclear France and on the websites of the Issuer (https://www.about.hsbc.fr/fr-fr/investor-relations/covered-bonds and https://www.about.hsbc.fr/investor-relations/covered-bonds) and of HBCE (https://www.about.hsbc.fr/fr-fr/investor-relations and https://www.about.hsbc.fr/investor-relations)
Further Information	<ul style="list-style-type: none">▪ Press releases dated 18 June 2021<ul style="list-style-type: none">○ HBCE (https://www.about.hsbc.fr/-/media/france/fr/news-and-media/210618-sale-of-retail-banking-business-in-france.pdf)○ Issuer (https://www.about.hsbc.fr/-/media/france/fr/investors-relations/releases/210618-release-potential-sale-of-hsbc-sfh-fr.pdf)▪ Issuer launch press release dated 25 November 2021 (https://www.about.hsbc.fr/fr-fr/investor-relations/covered-bonds and https://www.about.hsbc.fr/investor-relations/covered-bonds)▪ My Money Group’s investor presentation (https://www.mymoneybank.com/sites/corporate/files/medias/document/2021-11/HSBC-SFH-Consent-Solicitation-en.pdf)▪ MMB Press Release (https://www.mymoneybank.com/en/news)▪ HBCE Transaction Update (https://www.hsbc.fr/en-fr/actualites/)




HSBC Continental Europe




HSBC Continental Europe

HSBC Continental Europe: Key Facts (1/3)

Key financial metrics FY 2020

PBT  FY19: € 240m	Revenue  FY19: € 2;229m	ECL / LICs  charge/(release) FY19: € 128m	L/D ratio FY19: 99%	CET1 ratio FY19: 13.5%
€(331)m	€2,053m	€289m	92%	12.6%
Customer loans FY19: € 57bn	Customer deposits FY19: € 58bn	RWAs FY19: € 48bn	LCR FY19: 152%	Total Capital Ratio FY19: 16.9%
€56bn	€61bn	€46bn	143%	17.3%

 Denotes an adjusted measure

Corresponding reported figures and reconciliation of non-GAAP financial measures are presented in the HSBC Continental Europe 2020 Interim Financial Report available at www.hsbc.com
HSBC Europe key figures on both reported and adjusted basis are presented in Appendix

HSBC Continental Europe

- ◆ France is the 7th largest global economy based on GDP¹ and a key member of the Eurozone. It also is the 9th largest trade nation² and it has a wealthy population, ranking 6rd in wealth per adult among large countries³
- ◆ France is one of HSBC Group's leading international markets and one of the largest balance sheets
- ◆ Benefits from an international network
- ◆ Positioned as the largest foreign bank in the French market, by assets
- ◆ Acting as the HSBC Group's Global Markets strategic platform for Euro rates products
- ◆ HSBC Continental Europe, comprises our Paris hub and its European Union branches (Belgium, Czech Republic, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden). We are creating an integrated and simpler Continental European bank anchored on Paris to better serve our clients

Source: Worldbank (2020)

Source: World Trade Statistical Review (2020)

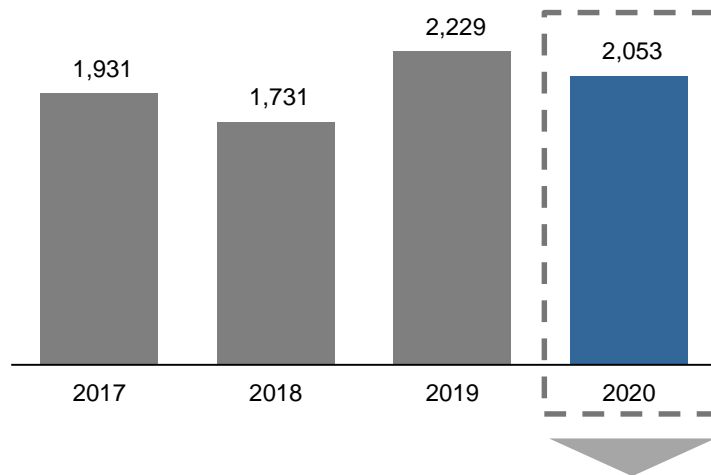
Source: Wealth per adult among Top 10 GDPs (Credit Suisse Global Wealth Databook 2020)

HSBC Continental Europe

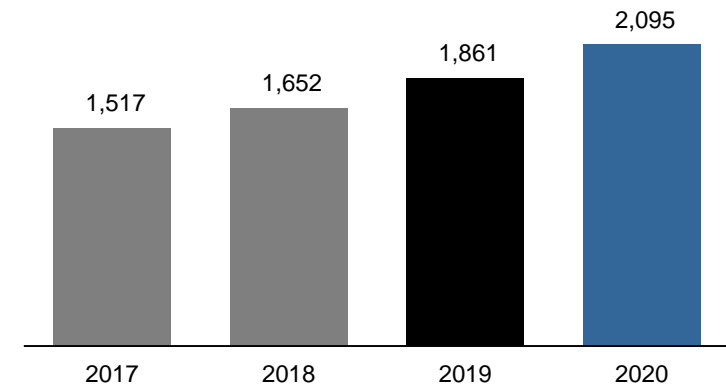
HSBC Continental Europe: Key Facts (2/3)

2020 HSBC Continental Europe adjusted results

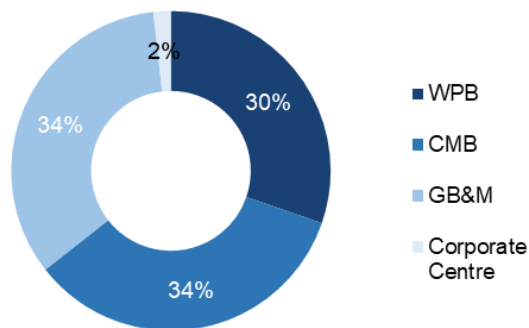
Adjusted Revenue, €mn



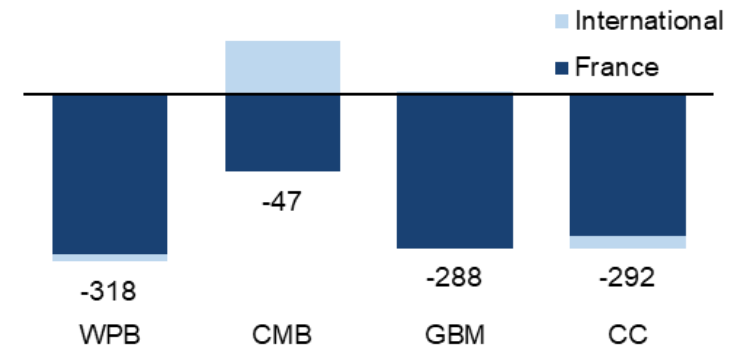
Adjusted operating expenses, €mn



FY2020 adjusted revenue by global business, %



FY2020 adjusted PBT distribution, €mn



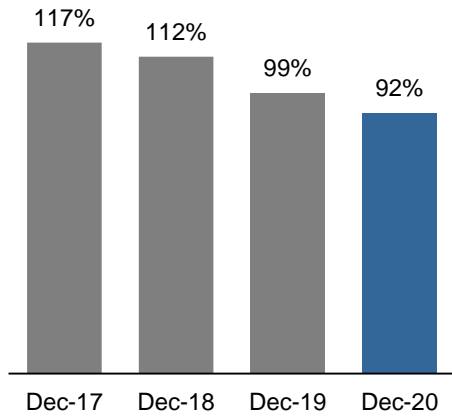
1. International is mainly composed of the activity generated within the EEA branches of HSBC Continental Europe in Greece, Spain, Italy, the Netherlands, Belgium, Poland, the Czech Republic, Ireland, Luxembourg, and the UK

HSBC Continental Europe

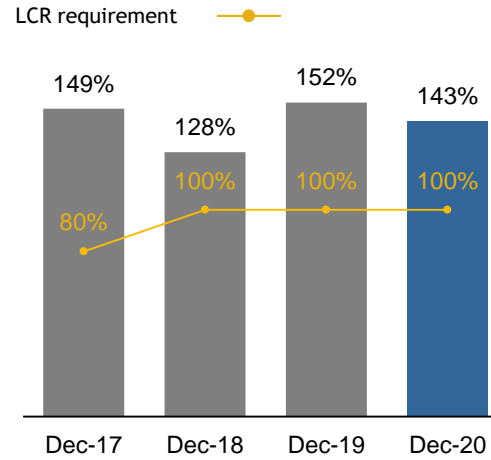
HSBC Continental Europe: Key Facts (3/3)

Funding and Liquidity

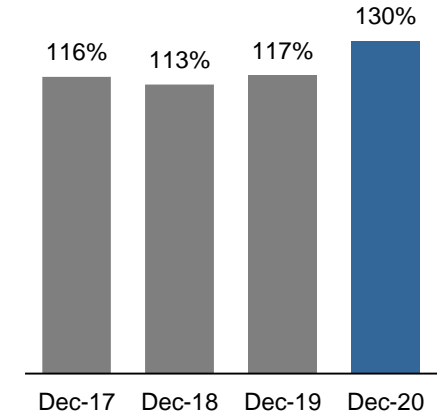
Advances / Deposits Ratio (A/D Ratio)



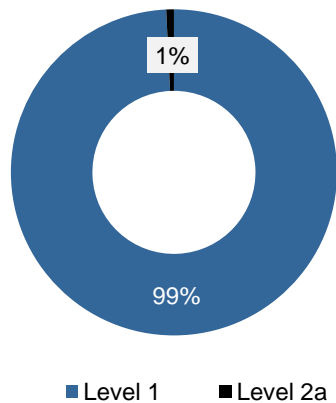
Liquidity Coverage Ratio (LCR)



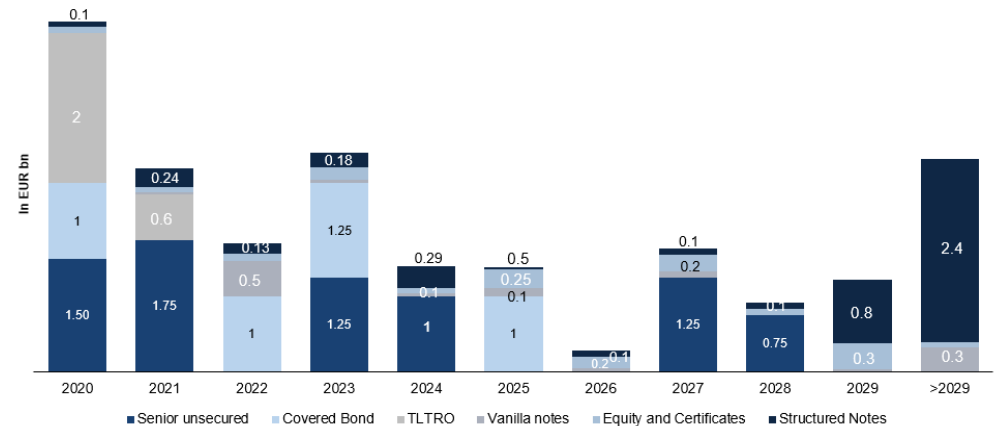
Net Stable Funding Ratio (NSFR)



Liquid Asset Buffer, December 2020



Maturity profile of benchmark issuances



1. Targeted long-term refinancing operations

Source: Bloomberg

HSBC SFH (France)



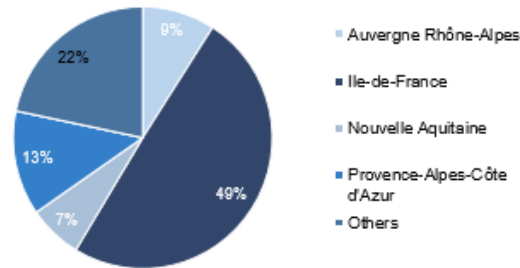
HSBC SFH (France)

Cover Pool – Cash flow priorities high quality and diversified collateral

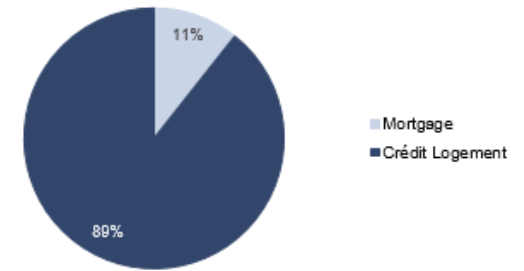
Main cover pool metrics

Pool notional	EUR 4.0bn
Collateral	100% prime home loans
Number of loans	38.7k loans
Average loan balance	EUR 103k
Max loan amount	EUR 1m
WA seasoning	64.27 months
WA remaining term	115.24 months
WA indexed LTV	42.7%

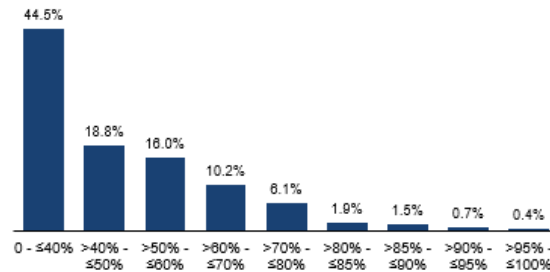
Regional distribution



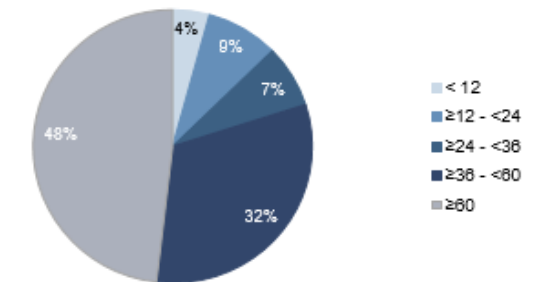
Loan security



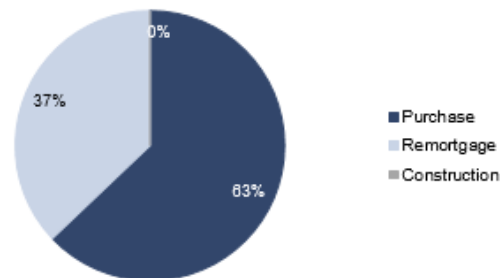
LTV range



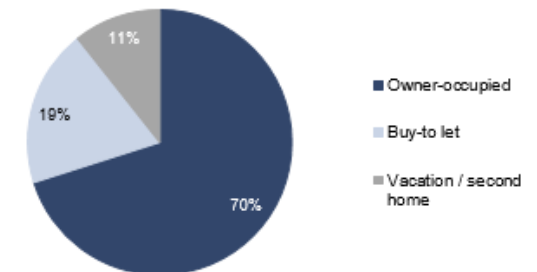
Seasoning



Loan purpose



Occupancy type



HSBC SFH (France)

Funding Strategy

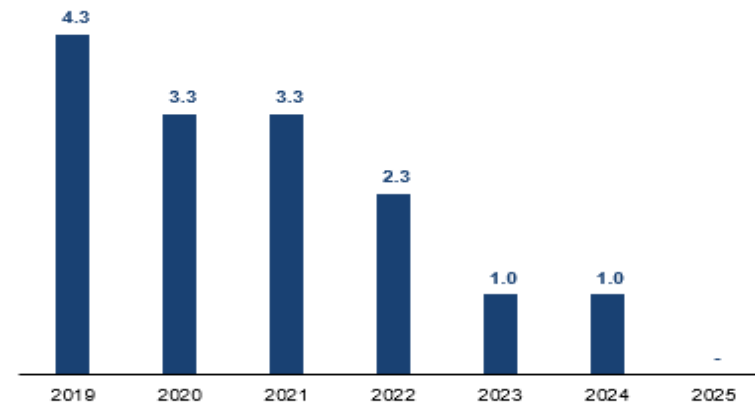
Rationale for covered bonds issuance

- ◆ Fund asset growth and refinance maturing debt
- ◆ Manage HSBC Continental Europe's consolidated liability maturity profile
- ◆ Diversify investor base
- ◆ Reduce overall cost of funds
- ◆ Use as collateral for refinancing operations

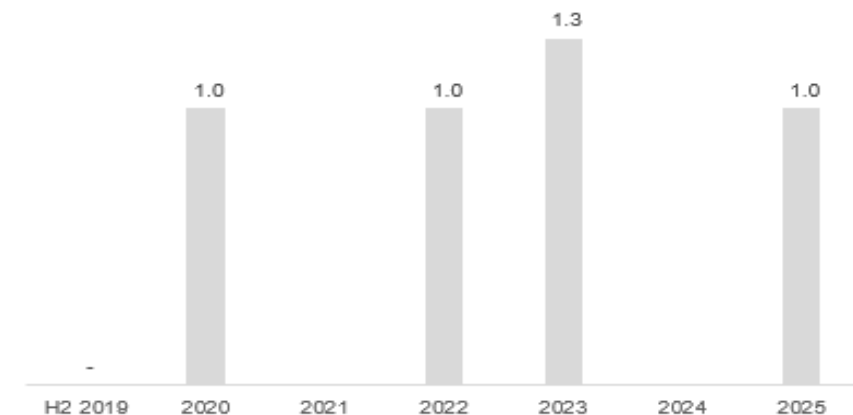
Covered bonds issuance strategy

- ◆ Mainly public benchmark series on various medium and long term maturities
- ◆ Issuance mainly in EUR denominated units, with the ability to issue in other major currencies
- ◆ Hard or soft bullets
- ◆ Public issuance, private placement or retained series

HSBC SFH year end covered bonds balances
EUR bn, as at 31 December 2020



HSBC SFH covered bonds redemption profile
EUR bn, as at 31 December 2020



HSBC SFH (France)

Legal features and structure - protecting investors

Dedicated issuing entity with a limited business purpose

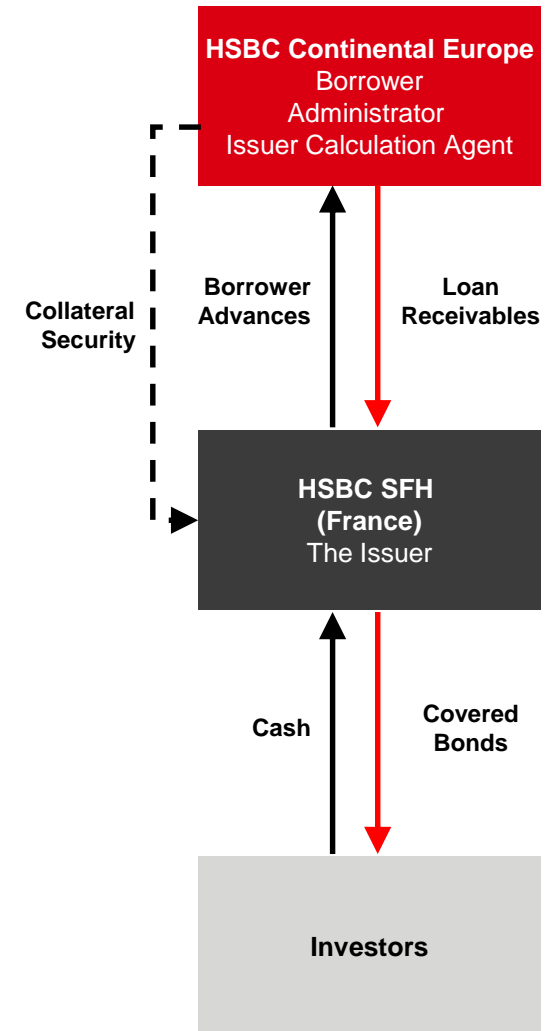
- ◆ Specialised credit institution licensed as a Société de Financement de l'Habitat, with a purpose limited by the law to the sole refinancing of eligible assets originated by the Borrower
- ◆ Regulated by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR - French financial regulator)

Specific insolvency regime

- ◆ Privilege (legal preferential claim and absolute seniority of payments over all creditors) granted to investors by the Art. L.513-11 of the French Financial and Monetary Code (FMFC) for covered bonds with the form of Obligations de Financement de l'Habitat (OH)
- ◆ Regulated covered bonds exempted from bail-in (BRRD)

Transfer of collateral

- ◆ Valid and enforceable legal transfer of full title as security under the European Collateral Directive and as per the collateral provisions of the articles L. 211-36 to L. 211-40 of the FMFC
- ◆ Dual recourse on the cover pool and on HSBC Continental Europe



Contacts



Contacts

Solicitation Agents and Centralising Agent

Solicitation Agents

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