

**First Supplement dated 31 March 2016
to the Euro Medium Term Note Programme Base Prospectus dated 7 January 2016**



**HSBC France
€20,000,000,000
Euro Medium Term Note Programme**

This first supplement (the **Supplement**) is supplemental to, and should be read in conjunction with, the base prospectus dated 7 January 2016 which was granted the visa no. 16-011 on 7 January 2016 (the **Base Prospectus**) prepared by HSBC France (the **Issuer**) with respect to its €20,000,000,000 Euro Medium Term Note Programme of HSBC France (the **Programme**).

The Base Prospectus as supplemented constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the **Prospectus Directive**). The *Autorité des Marchés Financiers* (the **AMF**) has granted visa no. 16-011 on 7 January 2016 in respect of the Base Prospectus.

Application has been made for approval of this Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive in France.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meanings when used in this Supplement.

To the extent that there is any inconsistency between (i) any statement in this Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus, the statement referred to in (i) above will prevail.

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the AMF's *Règlement Général*, for the purposes of giving information which amends or is additional to the information already contained in the Base Prospectus.

This Supplement has been prepared for the purposes of:

- (a) incorporating by reference the English translation of HSBC France's *Document de référence 2015* and inserting a related cross-reference table in the "Documents Incorporated by Reference" section of the Base Prospectus;
- (b) updating the "Programme Summary" and the "*Résumé en Français du Programme*";
- (c) updating the "Risk Factors Relating to the Issuer" section; and
- (d) updating sections 3, 4, 5 and 8 of the "General Information" section of the Base Prospectus.

In accordance with Article 16.2 of the Prospectus Directive, in the case of an offer of Notes to the public, investors who have already agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date of publication of this Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 4 April 2016.

Copies of this Supplement (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours, (b) will be available on the website of the Issuer (www.hsbc.fr/1/2/hsbc-france/entreprises-institutionnels/placements/nos-solutions-de-placement-individuelles/emissions-obligataires), (c) will be available on the website of the AMF (www.amf-france.org) and (d) will be available for collection free of charge on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office of the Paying Agent(s), during normal business hours so long Notes may be issued under the Programme and so long as any Notes issued under the Programme are outstanding.

TABLE OF CONTENTS

| | Page |
|--|-------------|
| Summary of the Programme..... | 4 |
| <i>Résumé en français du Programme</i> | 7 |
| Risk Factors..... | 11 |
| Documents Incorporated By Reference..... | 12 |
| General Information..... | 15 |
| Responsibility Statement..... | 16 |

SUMMARY OF THE PROGRAMME

The "Summary of the Programme " on pages 7 to 21 of the Base Prospectus is amended as follows:

(a) Element B.10 is deleted in its entirety and replaced with the following:

| | | |
|-------------|---|---|
| B.10 | Qualifications in the auditors' report | The Statutory Auditors' report on the 2014 consolidated financial statements appearing on pages 233 and 234 of the Registration Document 2014 contain a remark. |
|-------------|---|---|

(b) Element B.12 is deleted in its entirety and replaced with the following:

| | | | | |
|-------------|--|---|-------------------------------|-----------------------|
| B.12 | Selected historical key financial information | HSBC France group | | |
| | | <i>(in millions of euros)</i> | 31/12/2015 Audited | 31/12/2014 Audited |
| | | Total operating income before loan impairment (charges)/releases and other credit risk provisions | 2,371 | 1,929 |
| | | Loan impairment charges and other credit risk provisions | (121) | (112) |
| | | Operating profit | 618 | 232 |
| | | Profit attributable to shareholders of the parent company | 445 | 198 |
| | | Shareholders' funds of the parent company | 5,838 | 5,733 |
| | | Loans and advances to customers | 38,524 | 36,240 |
| | | Customer accounts | 32,811 | 33,635 |
| | | Total assets | 168,458 | 201,018 |
| | | Total Capital Ratio | 14.9% | 14.1% |
| | | Common Equity Tier One ratio | 14.9% | 14.1% |
| | | Cost efficiency ratio | 68.8% | 82.2% |
| | | Liquidity Coverage Ratio (LCR) | 120.2% | ND |
| | | Consolidated cash flow table | | |
| | | <i>(in millions of euros)</i> | 31/12/2015 | 31/12/2014 |
| | | Cash and cash equivalents at 1 January | 4,127 | 22,507 |
| | | Net cash from operating activities | 2,380 | (18,664) |

| | | | | | |
|--|--|---|--|---------|-------|
| | | | Net cash (used in)/from investing activities | (3,572) | (48) |
| | | | Net cash (used in)/from financing activities | (377) | 280 |
| | | | Effect of exchange rate changes on cash and cash equivalents | 46 | 52 |
| | | | Cash and cash equivalents at the end of the period | 2,604 | 4,127 |
| | | There has been no material adverse change in the prospects of the Issuer since 31 December 2015 and there has been no significant change in the financial or trading position of the Issuer since 31 December 2015. | | | |

(c) Element D.2 is deleted in its entirety and replaced with the following:

| | | |
|------------|---|--|
| D.2 | Key information on the main risks specific to the issuer | <p>An investment in the Notes involves certain risks that should be considered before any investment decision. In particular, the Issuer and its subsidiaries taken as a whole (the Group), is subject to risks inherent in its activities, including:</p> <p>Financial risks:</p> <p>Credit risk: is the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It arises principally from direct lending, trade finance and leasing business.</p> <p>Market risk: is the day-to-day potential for an investor to experience losses from fluctuations in securities prices.</p> <p>Structural interest-rate risk: stems from banking operations and structural components of the balance sheet and does not concern market operations. Structural interest rate risk arises mainly from the changes in the spread between future returns on assets and future costs of liabilities due to variations in interest rates.</p> <p>Structural foreign exchange risk: The structural foreign exchange exposition of HSBC France is limited. It concerns few investments, not significant, in the foreign subsidiaries. Structural foreign exchange exposition arising from banking operations is systematically transferred to the trading room which manages exchange rate risk according to the limits set by the Risk Management Committee.</p> <p>There is also an exchange rate risk on equity due to investments in foreign currency that are not hedged by financing in foreign currency. This exposure, termed as “structural”, corresponds to net investments in subsidiaries, branches or associated companies for which the euro is not the functional currency.</p> <p>HSBC France’s investments in foreign subsidiaries are small in amount. The structural foreign exchange exposure is mainly linked to these subsidiaries’ profits retained in reserves.</p> <p>Liquidity and funding risk: is defined as the risk that HSBC France does not have sufficient financial resources to meet its obligations as they fall due, or will access to such resources only at an excessive cost. This risk arises from mismatches in the timing of cash</p> |
|------------|---|--|

flows. Funding risk (a form of liquidity risk) arises when the liquidity needed to fund illiquid asset positions cannot be obtained on the expected terms and when required.

Operational risks:

Legal risk: Legal risks include those connected with changes of laws and regulations, and defence litigation matters (some of which may have a significant effect on the financial situation of the HSBC France group net assets). The HSBC France Legal Department (DAJ) is responsible for HSBC France group's legal risks oversight as a second line of defence, and helps the various HSBC France group businesses to prevent and control legal risk. The DAJ is in charge of litigation follow-up, and ensure that the risks framework for legal and tax risks remains adequate in the face of changes in laws, regulations and group organization. Legal risks include the management risks directly or indirectly linked to litigation involving the Issuer.

Tax risk: Tax risks include some tax positions that are discussed with tax authorities, as well as changes of laws.

IT Systems Risk: is defined by failure to comply with legal duties, human or code errors, loss of expertise relating to projects and/or technologies, unavailability or damage of information system and critical services performance and capacity, software vulnerabilities, loss or lack of controls relating to sensitive functions or processes for outsourced services, failure of key suppliers in the regulatory sense, internal or external fraud.

Non-compliance risk: is defined by situations of failure of compliance and infringements of internal rules of procedure.

Accounting risk: accounting and reconciliation procedures designed to verify the existence, exhaustivity and validity of financial statements The Finance Department is responsible for the proper application of the HSBC France group's accounting principles and accounting control procedures. It defines the procedures and controls to be applied in each legal entity's accounting department.

RESUME EN FRANÇAIS DU PROGRAMME

Le "Résumé en français du Programme" figurant aux pages 22 à 37 du Prospectus de Base est modifié comme suit :

- (a) L'Elément B.10 est supprimé et entièrement remplacé par ce qui suit :

| | | |
|-------------|--|---|
| B.10 | Réserves contenues dans le rapport des Commissaires aux comptes | Le rapport des contrôleurs légaux sur les comptes consolidés 2014, figurant en pages 233 et 234 du Document de référence 2014 contient une observation. |
|-------------|--|---|

- (b) L'Elément B.12 est supprimé et entièrement remplacé par ce qui suit :

| | | | | |
|---------------------------------------|--|--|-------------------|------------|
| B.12 | Informations financières sélectionnées historiques clés | Informations financières sélectionnées concernant le Groupe | | |
| | | | 31/12/2015 | 31/12/2014 |
| | | (en millions d'euros) | Audité | Audité |
| | | Produit net bancaire avant dépréciation pour risque de crédit | 2.371 | 1.929 |
| | | Dépréciations pour risque de crédit | (121) | (112) |
| | | Résultat d'Exploitation | 618 | 232 |
| | | Résultat net part du groupe | 445 | 198 |
| | | Capitaux propres part du groupe | 5.838 | 5.733 |
| | | Prêts et créances sur la clientèle | 38.524 | 36.240 |
| | | Comptes créditeurs de la clientèle | 32.811 | 33.635 |
| | | Total du bilan | 168.458 | 201.018 |
| | | Ratio total des fonds propres | 14,9% | 14,1% |
| | | Ratio Common Equity Tier 1 | 14,9% | 14,1% |
| | | Coefficient d'exploitation | 68,8% | 82,2% |
| <i>Liquidity Coverage Ratio (LCR)</i> | 120,2% | ND | | |

| Tableau des flux de trésorerie consolidé | | |
|--|-------------------|------------|
| <i>(en millions d'euros)</i> | 31/12/2015 | 31/12/2014 |
| Trésorerie en début de période | 4.127 | 22.507 |
| Flux nets de trésorerie provenant des activités opérationnelles | 2.380 | (18.664) |
| Flux nets de trésorerie provenant des activités d'investissement | (3.572) | (48) |
| Flux nets de trésorerie provenant des activités de financement | (377) | 280 |
| Effet de change sur la trésorerie | 46 | 52 |
| Trésorerie en fin de période | 2.604 | 4.127 |

Aucune détérioration significative n'a eu de répercussions sur les perspectives de l'Emetteur depuis le 31 décembre 2015 et il n'y a eu aucun changement significatif dans la situation financière ou commerciale de l'Emetteur depuis le 31 décembre 2015.

(c) L'élément D.2 est supprimé et entièrement remplacé par ce qui suit :

| Elément | Titre | |
|----------------|--|---|
| D.2 | Informations clés sur les principaux risques propres à l'Émetteur | <p>Un investissement dans les Obligations implique certains risques qui devraient être pris en compte avant toute décision d'investissement. En particulier, l'Émetteur, avec ses filiales prises dans leur ensemble (le Groupe), est exposé aux risques inhérents à ses activités, notamment :</p> <p><u>Les risques financiers :</u></p> <p>Le risque de crédit : est le risque de perte financière si un client ou une contrepartie ne respecte pas une obligation en vertu d'un contrat. Il se pose principalement dans les activités de prêts, de crédits commerciaux, de trésorerie et de crédit-bail.</p> <p>Le risque de marché : est le risque pour un investisseur de subir des pertes des fluctuations du cours des titres.</p> <p>Le risque de taux structurel : affecte les opérations bancaires et les composants structurels du bilan et n'affecte pas le fonctionnement du marché. Le risque de taux structurel provient, principalement, de la variation des écarts entre le rendement futur des actifs et le coût futur des passifs du fait des variations de taux d'intérêt.</p> <p>Le risque de change structurel : L'exposition au risque de</p> |

| Elément | Titre | |
|---------|-------|--|
| | | <p>change structurel de HSBC France est limitée. Elle concerne quelques investissements non significatifs dans les filiales à l'étranger. Les positions de change issues de l'activité bancaire sont systématiquement transférées à la salle des marchés, qui assure la gestion du risque de change dans le cadre de limites fixées par le <i>Risk Management Committee</i>.</p> <p>Par ailleurs, il existe un risque de change qui correspond au risque de variation des fonds propres dû à des investissements en devises non couverts par des financements en devises. Cette exposition, dite structurelle, au risque de change correspond aux investissements nets dans les filiales, succursales ou entreprises associées dont l'euro n'est pas la devise fonctionnelle.</p> <p>Les investissements de HSBC France dans des filiales étrangères sont faibles en montant. L'exposition structurelle au risque de change est principalement liée au résultat de ces filiales conservé en réserves.</p> |
| | | <p>Le risque de liquidité et risque de financement : se définit comme le risque que HSBC France ne dispose pas de ressources financières suffisantes pour honorer ses obligations lorsqu'elles échoient, ou qu'il ne puisse obtenir ces ressources sans payer un coût excessif. Ce risque résulte de la différence d'échéance des flux de trésorerie. Le risque de financement (qui est une forme de risque de liquidité) se matérialise lorsque les ressources nécessaires au financement d'un actif illiquides ne peuvent pas être obtenues sur les termes prévus au moment requis.</p> <p><u>Les risques opérationnels :</u></p> <p>Le risque juridique : Les risques juridiques comprennent les risques liés aux changements de lois et réglementations, et les risques liés aux dossiers de litige en défense (certains pouvant avoir un effet significatif sur la situation financière du groupe HSBC France). Le HSBC France Legal Department aide les différents secteurs du groupe HSBC France à prévenir, à maîtriser les risques juridiques. Il est également en charge du suivi des litiges, et s'assure que le cadre demeure adéquat face aux risques concernant un changement de loi, de règlement et d'organisations. Les risques juridiques concernent notamment la gestion des risques liés directement ou indirectement aux dossiers relatifs aux litiges impliquant l'Emetteur.</p> <p>Le risque fiscal : Les risques fiscaux comprennent certaines positions fiscales qui font l'objet de discussions avec les autorités ainsi que des changements de lois.</p> <p>Le risque informatique : est défini par le non-respect des obligations légales, les erreurs humaines, les erreurs de programmation, le manque de compétences en matière de projets et / ou de technologies, l'indisponibilité du système d'information</p> |

| Elément | Titre | |
|---------|-------|---|
| | | <p>lorsque de nouveaux développements ou de nouvelles solutions tierces sont mises en œuvre, les vulnérabilités du système de code, l'externalisation des fonctions sensibles et processus, la perte ou l'endommagement de pistes de vérification, défaillance de certains fournisseurs clés au sens réglementaire, la fraude interne et externe.</p> <p>Le risque de non-conformité : est défini par les situations d'échec de conformité et d'infractions aux règles de procédure interne.</p> <p>Le risque comptable : les risques comptables comprennent les risques relatifs à la bonne application des principes comptables et à la vérification de l'exhaustivité et la validité des résultats financiers. La Direction Financière est responsable de la bonne application des principes comptables et des dispositifs de contrôle comptable au sein du Groupe. Elle définit, pour le Groupe, les procédures et les contrôles à appliquer, dans chaque entité juridique.</p> |

RISK FACTORS

The paragraph under the heading "Risks Relating to the Issuer" and above the heading "Risk Factors Relating to the Notes" on page 38 of the Base Prospectus is deleted and replaced by the following:

"Risk factors in connection with the Issuer are set out in details on pages 15 to 16 and 97 to 148 of the English translation of the Issuer's 2015 Registration Document which is incorporated by reference in this Base Prospectus."

DOCUMENTS INCORPORATED BY REFERENCE

The English translation of the Issuer's 2015 *Document de référence* has been filed with the AMF for the purposes of the Prospectus Directive and, by virtue of this first Supplement, is incorporated in, and forms part of, the Base Prospectus.

The section "Documents incorporated by reference" in the Base Prospectus is updated accordingly as follows:

- (a) The paragraph corresponding to the first bullet point is deleted in its entirety and replaced by the following:

 “- the English translation of the Issuer's 2015 *Document de référence* filed with the *Autorité des marchés financiers* on 4 March 2016 under No. D.16-0110 (the **2015 Registration Document**);”;
- (b) The paragraph corresponding to the third bullet point is deleted in its entirety; and
- (c) The table under the heading “**CROSS REFERENCE LIST**” on pages 48 to 51 of the Base Prospectus is deleted in its entirety and replaced by the following:

| INFORMATION INCORPORATED BY REFERENCE Annex XI of the European Regulation 809/2004/EC | REFERENCE |
|--|--|
| 2. STATUTORY AUDITORS | 2015 Registration Document page 325. 2014 Registration Document page 297. |
| 3. RISK FACTORS | 2015 Registration Document pages 15 to 16 and 97 to 148. |
| 4. INFORMATION ABOUT THE ISSUER | |
| <u>4.1. History and development of the Issuer</u> | 2015 Registration Document page 321. |
| <u>4.1.2. Place of registration of the Issuer and its registration number</u> | 2015 Registration Document page 319. |
| <u>4.1.3 Date of incorporation and the length of life of the issuer, except where indefinite</u> | 2015 Registration Document page 319. |
| <u>4.1.4 Domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business of different from its registered office)</u> | 2015 Registration Document page 319. |
| <u>4.1.5. Recent Developments</u> | 2015 Registration Document page 323. |
| 5. BUSINESS OVERVIEW | |
| <u>5.1. Principal activities:</u> | 2015 Registration Document pages 2 to 17 and 276. |
| <u>5.1.2. New product and/or activities:</u> | 2015 Registration Document pages 2 to 17 and 276. |

| INFORMATION INCORPORATED BY REFERENCE Annex XI of the European Regulation 809/2004/EC | REFERENCE |
|--|---|
| <u>5.1.3. Principal markets:</u> | 2015 Registration Document pages 2 to 17 and 276. |
| <u>5.1.4 Basis for any statement in the registration document made by the issuer regarding its competitive position.</u> | 2015 Registration Document pages 2 to 17 and 276. |
| 6. ORGANISATIONAL STRUCTURE | |
| <u>6.1 Brief description of the group and of the issuer's position within it</u> | 2015 Registration Document pages 2 to 17, and 270 to 273. |
| 9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES | |
| Name, business addresses and functions in the Issuer of the members of the administrative, management or supervisory bodies and indication of the principal activities performed by them outside the Issuer | 2015 Registration Document pages 18 to 32 |
| Conflict of Interest | 2015 Registration Document page 36. |
| 10. MAJOR SHAREHOLDERS | |
| <u>10.1 To the extent know to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused</u> | 2015 Registration Document pages 34 and 322. |
| 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES | |
| <u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2015</u> | |
| - Balance sheet | 2015 Registration Document page 9. |
| - Income statement | 2015 Registration Document page 7. |
| - Cash flow statement | 2015 Registration Document page 161. |
| - Notes | 2015 Registration Document pages 164 to 263. |
| - Auditors' report relating to the above | 2015 Registration Document pages 264 and 265. |
| - Consolidated statement of comprehensive income | 2015 Registration Document pages 159. |
| - Consolidated statement of changes in equity | 2015 Registration Document pages 162. |
| <u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2014</u> | |
| - Balance sheet | 2014 Registration Document page 112. |

| INFORMATION INCORPORATED BY REFERENCE Annex XI of the European Regulation 809/2004/EC | REFERENCE |
|--|---|
| - Income statement | 2014 Registration Document page 117. |
| - Cash flow statement | 2014 Registration Document page 161. |
| - Notes | 2014 Registration Document pages 118 to 232. |
| - Auditors' report relating to the above | 2014 Registration Document pages 233 and 234. |
| - Consolidated statement of comprehensive income | 2014 Registration Document pages 113. |
| - Consolidated statement of changes in equity | 2014 Registration Document pages 115. |
| 11.6 Legal and arbitration proceedings | 2015 Registration Document pages 137to 139. |
| 12. MATERIAL CONTRACTS | 2015 Registration Document page 321. |

GENERAL INFORMATION

The section “General Information” in the Base Prospectus is amended as follows:

- (a) the paragraph (3) on page 120 of the Base Prospectus is deleted in its entirety and replaced by the following:

“There has been no significant change in the financial position of the Issuer or the Group since 31 December 2015.”;

- (b) the paragraph (4) on page 120 of the Base Prospectus is deleted in its entirety and replaced by the following:

“There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2015.”;

- (c) the paragraph (5) on page 120 of the Base Prospectus is deleted and replaced by the following:

“Except as disclosed on pages 137 to 139 of the 2015 Registration Document, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.”

- (d) the paragraph (8) (ii) on page 121 of the Base Prospectus is deleted in its entirety and replaced by the following:

“(ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2014 and 2015;”.

RESPONSIBILITY STATEMENT

I hereby certify, having taken all reasonable care to ensure that such is the case that, to the best of my knowledge, the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

HSBC France

103, avenue des Champs Elysées
75008 Paris
France

Represented by Mr. Xavier Boisseau
in charge of the *Banque de marchés (responsable à la Banque de marchés)*
Duly authorised

Dated 31 March 2016



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* ("AMF"), in particular Articles 211-1 to 216-1, the AMF has granted to this Supplement the visa n°16-114 on 31 March 2016. This Supplement has been prepared by HSBC France and its signatories assume responsibility for it. This Supplement and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.