

FRENCH NATIONAL COVERED BOND LABEL REPORTING TEMPLATE

CB ISSUER	HSBC SFH (France)
Reporting date	31/12/2015

1 GROUP LEVEL INFORMATION AND SENIOR UNSECURED RATINGS

1.1	Group	HSBC France
	Group parent company	HSBC France
	Group consolidated financial information (link)	http://www.about.hsbc.fr/fr-fr/investor-relations/regulatory-information

		Rating	Rating Watch	Outlook
1.2	Senior unsecured rating (group parent company)	Fitch	AA-	Stable
		Moody's	A2	Stable
		S&P	AA-	Stable

		Rating	Rating watch	Outlook
1.3	Covered bond issuer rating (senior unsecured)	Fitch	N/A	
		Moody's	N/A	
		S&P	N/A	

1.4	Core tier 1 ratio (%) (group parent company)	14,90%
	as of	31/12/2015

2 COVERED BOND ISSUER OVERVIEW

2.1 Covered bond issuer

Name of the covered bond issuer	HSBC SFH (France)
Country in which the issuer is based	France
Financial information (link)	http://www.about.hsbc.fr/fr-fr/hsbc-sfh-france-disclaimer
Information on the legal framework (link)	http://www.about.hsbc.fr/fr-fr/hsbc-sfh-france-disclaimer
UCITS compliant (Y / N) ?	Y
CRD compliant (Y / N) ?	Y

2.2 Covered bonds and cover pool

		Total outstanding	of which eligible to central bank repo-operations
Cover pool	Public sector exposures		
	Commercial assets		
	Residential assets	6 743,00	6 308,00
	Substitute assets		
	Total	6 743,00	
Covered bonds		5 119,17	

2.3 Overcollateralisation ratios

	minimum (%)	current (%)
Legal ("coverage ratio")	105,00%	123,25%
Contractual (ACT)	108,1%	115,00%
other		

2.4 Covered bonds ratings

		Rating	Rating Watch	Outlook
Covered bonds rating	Fitch	N/A		
	Moody's	Aaa	Not on watch	
	S&P	AAA		Stable

2.5 Liabilities of the covered bond issuer

LIABILITIES	Outstanding
Equity	117
Subordinated debt	0
Other non privileged liabilities	1
Total equity and non privileged liabilities	119
Covered bonds	5 119
Other privileged liabilities	63
Total privileged liabilities	5 182
TOTAL	5 301

2.6 **Information required under article 129(7) CRR**

- (i) Value of the cover pool and outstanding covered bonds : *please refer to section 2.2*
- (ii) Geographical distribution : *please refer to section 4.3 (residential), 5.2 , 5.3 and 5.4 (public sector)*
 Type of cover assets : section 2.2
 Loan size : section 4.12 (residential) and 5.8 (public sector)
 Interest rate and currency risks
 hedging policy : section 3.4
 assets interest rate and currency : section 4.10 (residential), 5.5 and 5.6 (public sector)
 CB interest rate and currency : section 6.1 and 6.2 (Covered bonds tab/worksheet)
- (iii) Maturity structure of cover assets and covered bonds : *please refer to section 3.1, 3.2 and 3.3*
- (iv) Percentage of loans more than ninety days past due : *please refer to section 4.1 (residential) and 5.1 (public sector)*

2.7 **Compliance with the article 129 CRR in full** Y

3 ALM OF THE COVERED BOND ISSUER

3.1 **WAL (weighted average life) of cover pool and covered bonds**

	Expected	Contractual	explanations (CPR rate used etc)
Public sector			
Residential	4,70	7,14	Expected : 9,9% prepayment level
Commercial			
Substitute assets			
WAL of cover pool	4,70	7,14	
WAL of covered bonds	4,50	4,50	

3.2 **Expected maturity structure of cover pool and covered bonds**

	0 - 1 Y	1 - 2 Y	2 - 3 Y	3 - 4 Y	4 - 5 Y	5 - 10 Y	10+ Y
Public sector							
Residential	929	846	766	688	611	1 991	912
Commercial							
Substitute assets							
Expected maturity of cover pool	929	846	766	688	611	1 991	912
Expected maturity of covered bonds		1 500		185	185	1 000	2 250

3.3 **Contractual maturity structure of cover pool and covered bonds**

	0 - 1 Y	1 - 2 Y	2 - 3 Y	3 - 4 Y	4 - 5 Y	5 - 10 Y	10+ Y
Public sector							
Residential	520	531	538	540	534	2 279	1 800
Commercial							
Substitute assets							
Contractual maturity of cover pool	520	531	538	540	534	2 279	1 800
Contractual maturity of cov. bonds		1 500		185	185	1 000	2 250
of which hard bullet		1 500		185	185	1 000	1 250
of which soft bullet							1 000

3.4 **Interest rate and currency risks**

Interest rate risk strategy, limits, counterparties etc (if applicable)		
	Nominal	WAL
Internal		
External		
Currency risk		
	Nominal	WAL
Internal		
External		

3.5 Liquid assets

		Outstanding nominal
ECB eligible internal ABS		
ECB eligible external ABS		
ECB eligible public exposures		
Substitute assets	ECB eligible	128
	Other	
Total liquid assets		128
% liquid assets / covered bonds		2,50%

Liquidity support		comments
% liquidity support / covered bonds		

3.6 Substitution assets

	Outstanding	WAL
AAA to AA-		
A+ to A-		
Below A-		
Total		

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4 RESIDENTIAL COVER POOL DATA
4.1 Arrears and defaulted loans outstanding (excluding external MBS)

	residential assets
Current	100%
Arrears	
0-1 months	0,00%
1-2 months	0,00%
2-3 months	0,00%
3-6 months	0,00%
6+ (Defaulted)	0,00%

4.2 Arrears and defaulted loans outstanding (including external MBS)

Zone	Country	%
EU	France	0,00%

4.3 Regional breakdown of assets (excluding external MBS)

Region	%
Alsace	0,79%
Aquitaine	4,99%
Auvergne	0,45%
Basse Normandie	0,81%
Bourgogne	0,66%
Bretagne	1,53%
Centre	1,77%
Champagne-Ardenne	0,28%
Corse	0,28%
DOM - TOM	0,00%
Franche-Comté	0,37%
Haute Normandie	1,86%
Ile-de-France (Paris included)	52,36%
Languedoc Roussillon	1,33%
Limousin	0,20%
Lorraine	1,10%
Midi Pyrenées	2,17%
Nord-Pas-de-Calais	4,56%
Pays de Loire	1,97%
Picardie	1,62%
Poitou - Charentes	1,51%
Provence-Alpes-Côte d'Azur	11,03%
Rhones Alpes	8,38%
	0,00%
other	0,00%
No data	0,00%

4.4 **Unindexed current LTV (excluding external MBS)**

WA unindexed current LTVs (%)	67,39%
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	Category	%
LTV buckets	0 - 40	12,27%
	40 - 50	9,81%
	50 - 60	12,45%
	60 - 70	14,04%
	70 - 80	16,56%
	80 - 85	10,25%
	85 - 90	13,21%
	90 - 95	9,20%
	95 - 100	2,19%
	100 - 105	0,00%
	105 - 110	0,01%
	110 - 115	0,00%
115+	0,00%	

4.5 **Indexed current LTV (excluding external MBS)**

WA indexed current LTVs (%)	67,64%
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	Category	%
LTV buckets	0 - 40	13,59%
	40 - 50	9,62%
	50 - 60	11,89%
	60 - 70	12,83%
	70 - 80	14,93%
	80 - 85	9,00%
	85 - 90	11,68%
	90 - 95	13,15%
	95 - 100	3,30%
	100 - 105	0,00%
	105 - 110	0,00%
	110 - 115	0,00%
115+	0,00%	

4.6 **Mortgages and guarantees (excluding external MBS)**

	%	
1st lien mortgage with state guaranty	0,00%	
1st lien mortgage without state guaranty	15,52%	
Total 1st lien mortgages	15,52%	
guaranteed	Crédit Logement	84,48%
total guarantees	84,48%	

4.7 **Seasoning (excluding external MBS)**

Months	%
< 12	18,02%
12 - 24	24,39%
24 - 36	22,72%
36 - 60	13,65%
> 60	21,23%

4.8 **Loan purpose (excluding external MBS)**

	%
Owner occupied	76,68%
Second home	7,24%
Buy-to-let	16,07%
Other	0,00%
No data	0,00%

4.9 **Principal amortisation (excluding external MBS)**

	%
Amortising	100%
Partial bullet	
Bullet	
Other	
No data	

4.10 **Interest rate type (excluding external MBS)**

	%
Fixed for life	98,92%
Capped for life	0,00%
Floating (1y or less)	1,08%
Mixed (1y+)	0,00%
Other	0,00%
No data	0,00%

4.11 **Borrowers (excluding external MBS)**

	%
Employees	75,79%
Civil servants	7,07%
Self employed	14,34%
Retired / Pensioner	1,04%
Other non-working	0,81%
No data	0,95%

4.12 **Granularity and large exposures (excluding external MBS)**

Number of loans	48711
Average outstanding balance (€)	138 433,86 €

	% of total cover pool
5 largest exposures (%)	0,07%
10 largest exposures (%)	0,14%

	Number of loans	Outstanding	% of total cover pool (outstanding)
0-200k€	38 822	3 907 409	57,9%
200-400k€	8 966	2 389 213	35,4%
400-600k€	825	374 289	5,6%
600-800k€	72	49 634	0,7%
800-1M€	26	22 708	0,3%
>1M€	-	-	0,0%
TOTAL	48 711	6 743 251,88	100,0%

4.13 **Residential MBS**

	TOTAL	Internal	External
Outstanding			

Internal RMBS DETAILS											
Name	ISIN	Outstanding balance	Rating			Year of last issuance	% subordination	% reserve fund	% credit enhancement	Main country (assets)	Originator(s)
			Fitch	Moody's	S&P						

External RMBS DETAILS								
Name	ISIN	Outstanding balance	Rating			Year of last issuance	Main country (assets)	Originator(s)
			Fitch	Moody's	S&P			

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6 COVERED BONDS

6.1 Outstanding covered bonds

	2015	2014	2013	2012
Public placement	4 750	3 750	3 750	1 500
Private placement	369	499	489	497
Sum	5 119	4 249	4 239	1 997

Denominated in €	4 750	3 750	3 750	1 500
Denominated in CHF	369	499	489	497
Other				
Sum	5 119	4 249	4 239	1 997

Fixed coupon	5 119	4 249	4 239	1 997
Floating coupon				
Other				
Sum	5 119	4 249	4 239	1 997

6.2 Issuance

Public placement	1 000		2 250	
Private placement				
Sum	1 000		2 250	

Denominated in €	1 000		2 250	
Denominated in CHF				
Other				
Sum	1 000		2 250	

Fixed coupon	1 000		2 250	
Floating coupon				
Other				
Sum	1 000		2 250	

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unless detailed otherwise

all amounts in EUR millions (without decimals)

percentages (%) with 2 decimals

time periods in months (with 1 decimal)

Group level information, senior unsecured ratings and covered bond issuer overview

1.2 Ratings of the parent company of the group in which the CB issuer is consolidated.

1.3 Covered bond issuer ratings

The rating agencies' methodologies usually take the senior unsecured rating of a covered bond issuer's parent company as a starting point for their assessment of the credit risk of covered bonds.

However, instead of referring to the parent company rating, some rating agencies may issue a "covered bond issuer rating" which is an assessment of the credit quality of a CB issuer's credit quality on an unsecured basis. Generally, a "covered bond issuer rating" is the same as the senior unsecured rating of the CB issuer's parent company although it may be different in some specific cases.

If no "CB issuer rating" has been granted to the CB issuer, "NA" should be indicated.

1.4 Core tier 1 ratio (%)

Common Equity Tier 1 Ratio – CET1 (b le 2.5)

2.2 Covered bonds and cover pool

Guaranteed loans or mortgage promissory notes :

If the eligible assets are transferred into the cover pool using guaranteed loans (i.e. collateral directive framework) or mortgage promissory notes, the outstanding amount of the eligible assets pledged as collateral of the notes or loans should be indicated instead of the amount of the guaranteed loans.

Asset backed securities :

If eligible asset backed securities are included in the cover pool, the explanations to the reporting should specify whether the information is provided using a look through approach (i.e. underlying assets) or if the outstanding amount of ABS securities held is indicated.

"Of which eligible to central bank repo-operations" :

The outstanding amount of eligible assets including replacement assets shall be filled in.

If the eligible assets are transferred into the cover pool using guaranteed loans (i.e. collateral directive framework) or mortgage promissory notes, the outstanding amount of the eligible assets pledged as collateral of the notes or loans should be indicated instead of the amount of the guaranteed loans.

The eligibility criteria to central bank repo-operations include the exceptional measures accepted by the ECB in February 2012 and presently in use with the Banque de France

2.3 **Overcollateralisation ratios**

Each issuer shall explain calculation methodology for each OC ratio :

- formulas
- all amounts shall be indicated after taking into account the cover pool's interest rate or currency swaps.
- accrued interest included or excluded ?

The legislation requires that the calculation of the legal coverage ratio be audited semi-annually within a period of three months following the calculation date. As a consequence, the current ratio is provisionnal / unaudited when the report is published. The last audited ratio is provided as an additional information.

Rating agencies : Minimum OC

Issuers shall disclose the highest minimum OC requirement.

3 **ALM**

Contractual maturities :

Contractual maturities are calculated assuming a zero prepayment scenario on the cover pool assets. For pass through ABS, this assumption is applied to the underlying assets to determine the contractual maturity of the ABS (i.e. contractual maturity is not calculated according to the legal final maturity of the securities).

Expected maturities :

The assumptions underlying the calculation of the expected WAL and expected maturity breakdown shall be disclosed for each element of the cover pool including substitute assets. Some information should be provided to explain the prepayment assumptions on assets and liabilities. For substitute assets, it should be explained if these assumptions include asset sales or repo.

3.5 **Liquid assets**

Outstanding

The nominal value of liquid assets shall be reported.

Liquidity support

Provide details on the nature of liquidity support.

3.6 **Substitution assets**

Details of the information provided shall be given in the case of split ratings.

Residential cover pool data

- 4 Explain for each table which information is included or not included (e.g. external RMBS assets excluded)

The assets backing guaranteed loans (collateral directive framework), mortgage promissory notes and internal ABS shall be disclosed using a look through approach in each table.

4.2, 4.3 **Geographical distribution / regional breakdown**

The geographical breakdown of assets shall take into account the location of the pledged property for residential mortgages and the location of the property which is refinanced by the loan in the case of guaranteed loans. List can be extended by individual issuers where applicable

4.4 **Unindexed current LTV**

Unindexed LTV is calculated on the basis of the current outstanding amount of the loans and the initial valuation / price of the residential assets.

4.5 **Indexed current LTV**

Indexed LTV is calculated on the basis of the current outstanding amount of the loans to the appraised values or prices of the residential assets using an indexation methodology. Details of the indexation methodology shall be provided.

4.6 **Mortgages and guarantees**

Provide a breakdown by guarantee regime in the case of state guarantees

4.10 **Interest rate type**

"Floating" includes loans with with interest rate reset periods exceeding one year (e.g. loan indexed on CMS 5Y with an interest rate reset every five years)

"Mixed" shall be used for loans with a combination of fixed, capped or floating periods (e.g. 10 years initial fixed rate switching to floating).

Public sector cover pool data

- 5 Explain for each table which information is included or not included.