HSBC SFH (France)

(duly licensed French specialised credit institution)

€10,000,000,000 COVERED BOND PROGRAMME

for the issue of Obligations de Financement de l'Habitat

FIRST SUPPLEMENT DATED 3 AUGUST 2023 TO THE COVERED BOND PROGRAMME BASE PROSPECTUS DATED 8 MARCH 2023

This first supplement (the "**First Supplement**") is supplemental to, and should be read in conjunction with, the Base Prospectus dated 8 March 2023 (the "**Base Prospectus**") prepared in relation to the €10,000,000,000 Covered Bond Programme of HSBC SFH (France) (the "**Issuer**") (the "**Programme**"). The Base Prospectus constitutes a base prospectus for the purpose of the Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). The *Autorité des marchés financiers* (the "**AMF**") has granted the approval number 23-068 on 8 March 2023 on the Base Prospectus.

Application has been made for approval of this First Supplement to the AMF in its capacity as competent authority under the Prospectus Regulation. This First Supplement constitutes a supplement to the Base Prospectus and has been prepared for the purpose of Article 23 of the Prospectus Regulation.

Terms defined in the Base Prospectus shall have the same meaning when used in this First Supplement.

This First Supplement has been prepared for the following purposes:

1. incorporating by reference the semi-annual financial report of HSBC SFH (France) for the six-month period ended 30 June 2023 in the French language which contains the non-consolidated financial statements of the Issuer for the six-month period ended 30 June 2023 and the statutory auditors' limited review report thereon (the "**2023 Semestrial Financial Report**");
2. updating the section entitled "Risk Factors" of the Base Prospectus;
3. updating the section entitled "Documents Incorporated by Reference" of the Base Prospectus;
4. updating the section entitled "The Issuer" of the Base Prospectus;
5. adding a new section entitled "Recent Developments" in the Base Prospectus;
6. updating the section entitled "Taxation" of the Base Prospectus; and
7. updating the section entitled "General Information" of the Base Prospectus.

Save as disclosed in this First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which may affect the assessment of the Covered Bonds to be issued under the Programme. To the extent that there is any inconsistency between (a) any statements in this First Supplement and (b) any other statement in the Base Prospectus (or incorporated thereto by reference), the statements in this First Supplement will prevail.

Copies of this First Supplement may be obtained, without charge on request, at the principal office of the Issuer and the Paying Agents set out at the end of the Base Prospectus during normal business hours so long as any of the Covered Bonds are outstanding. The First Supplement will be published on the websites of (i) the AMF (www.amf-france.org), (ii) the HSBC Continental Europe (www.about.hsbc.fr/investor-relations/covered-bonds) and (iii) www.info-financiere.fr.

To the extent applicable, a right of withdrawal is only granted to those investors who had already agreed to purchase or subscribe for the securities before this First Supplement was published and where the securities had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted; investors can exercise their right of withdrawal up to 7 August 2023 with the Authorised Offerors.

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RISK FACTORS

1. **The paragraph entitled "*Several items of the Issuer's balance sheet are subject to credit risk*" in the section "Risk Factors" on pages 16 to 17 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):**

"*Several items of the Issuer's balance sheet are subject to credit risk*

Several items of the Issuer's balance sheet are subject to credit risk, in particular its cash and loans both on steady-state as well as in the event of a transfer of collateral. Under steady-state, the Issuer's balance sheet is mainly exposed to its parent company:

– the Issuer's cash, which reflects the investment of its equity, is currently composed of sight deposits in HSBC Continental Europe's accounting books. Such deposits are subject to a minimum rating requirement described in the Base Prospectus (long-term rate A by S&P and short-term rate P-1 by Moody's). As of the date of this Base Prospectus, the long-term rating of HSBC Continental Europe is AA- (Fitch), A1 (Moody's) and A+ (S&P) and the short-term rating of HSBC Continental Europe is F1 (Fitch), P-1 (Moody's) and A-1 (S&P). **As at 30 June 2023, the Issuer's cash amounted to €1,309,748,715**;

– the other major component of the Issuer's asset under steady-state is currently all the Borrower Advances granted to HSBC Continental Europe that replicate the characteristics of the Covered Bonds issued. The related credit risk is considered low as long as HSBC Continental Europe complies with the requirements of the Programme (long-term rating BBB by S&P and counterparty risk Baa2 by Moody's). As of the date of this Base Prospectus, the long-term rating of HSBC Continental Europe is AA- (Fitch), A1 (Moody's) and A+ (S&P) and the long-term counterparty risk assigned to HSBC Continental Europe by Moody's is Aa3. **As at 30 June 2023, the Borrower Debt amounted to €4,781,921,439 (*i.e.* the Advances still outstanding and the corresponding interests)**.

The bulk of the cover pool is composed of prime Home Loans with the following characteristics: (i) all fixed-rate and (ii) all guaranteed by Crédit Logement. In addition, it is voluntarily over-collateralised, above the regulatory minimum of 105% and above the overcollateralization level required by the Rating Agencies in order to obtain an AAA rating, ***i.e.* as at 30 June 2023, 130.52%. As at 30 June 2023, the cover pool amounted to €6,199,618,297 and was composed of 45,888 Home Loans held by 35,501 borrowers**.

If an event occurs under the Programme (for example, a Borrower Event of Default or a downgrade of HSBC Continental Europe's rating below a specific threshold), the Issuer shall access to the ownership of the Eligible Assets granted as Borrower Collateral Security. Then, the remaining credit risk shall come from the transferred Home Loans portfolio, which is mitigated by the guarantees granted directly or indirectly on the Home Loan Receivables."

2. **The paragraph entitled "*The EU Resolution and Recovery Directive*" in the section "Risk Factors" on pages 17 to 19 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):**

"The EU Resolution and Recovery Directive

Directive 2014/59/EU of the European Parliament and of the Council dated 15 May 2014 on the resolution of financial institutions provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") which was implemented in France by the *Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière* dated 20 August 2015. The BRRD provides authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Covered Bonds to equity (the "**general bail-in tool**"), which equity could also be subject to any future application of the general bail-in tool. Relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Covered Bonds issued under the Programme, only if and to the extent that the bond liability exceeded the value of the cover pool collateral against which it is secured. **In this respect, it is to be noted that the Issuer shall maintain at any time a Minimum Legal Cover Ratio of 105% and the Legal Cover Ratio as of 31 March 2023 certified by the Specific Controller was 126.11% and as of 30 June 2023 was 132.77% (not yet certified by the Specific Controller)**.

Regarding covered bonds such as the Covered Bonds, the BRRD provides that the relevant resolution authority shall not exercise the write down or conversion powers in relation to secured liabilities including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which according to national law are secured in a way similar to covered bonds, whether they are governed by the law of a Member State of the EEA or of a third country.

The BRRD also provides that in exceptional circumstances, where the bail-in tool is applied, the relevant resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers where: (a) it is not possible to bail-in that liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines in a manner that maintains the ability of the institution under resolution to continue key operations, services and transactions; (c) the exclusion is strictly necessary and proportionate to avoid giving rise to widespread contagion, in particular as regards eligible deposits held by natural persons and micro, small and medium sized enterprises, which would severely disrupt the functioning of financial markets, including of financial market infrastructures, in a manner that could cause a serious disturbance to the economy of a Member State or of the Union; or (d) the application of the bail-in tool to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in. Consequently, where a resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities, the level of write down or conversion applied to other eligible liabilities - as the holders of the Covered Bonds - when not excluded, may be increased to take account of such exclusions. Subsequently, if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the resolution financing arrangement may make a contribution to the institution under resolution to (i) cover any losses which have not been absorbed by eligible liabilities and restore the net asset value of the institution under resolution to zero and/or (ii) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The last step - if there are losses left - would be an extraordinary public financial support through additional financial stabilisation tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework. An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. In particular, holders of Covered Bonds may be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool (subject, in the case of covered bonds such as the Covered Bonds, to the limitations set out above), which may result in such holders losing some or all of their investment. The BRRD also provides that the relevant resolution authority can modify the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments).The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the holders of the Covered Bonds, the price or value of their investment in any Covered Bonds and/or the ability of the Issuer to satisfy its obligations under any Covered Bonds.

Holders of the Covered Bonds should note that the BRRD has been amended by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 which had to be implemented under French law within 18 months from the date of its entry into force on 27 June 2019. Such Directive has been implemented into French law by the French Ordinance no. 2020-1636 relating to the resolution regime in the banking sector on 21 December 2020."

3. The paragraph entitled "*The Issuer could be transferred to Banque des Caraïbes SA or any other entity within the My Money Group*" in the section "Risk Factors" on pages 19 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*The Issuer could be transferred to Banque des Caraïbes SA or any other entity within the My Money Group*

On 1 January 2024 or any other date agreed between the parties, HSBC Continental Europe is expected to, among other things and, subject to the satisfaction of certain conditions, transfer to Banque des Caraïbes SA and/or to any other entity within My Money Group 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.

Such transfer may or may not occur depending on the satisfaction of certain conditions, including, but not limited to, consents from the relevant competent authorities. As a consequence, the Transfer may not be carried out in such a timely manner. Such uncertainty may negatively impact the market value and/or liquidity of the Covered Bonds.

If the Transfer occurs, factors such as, inter alia, the financial health or the ratings of the Banque des Caraïbes SA and/or the other entity within My Money Group which will act as main shareholder of the Issuer and/or as a counterparty to the Issuer under the Programme Documents, could adversely impact the rating(s), the market value and/or liquidity of the Covered Bonds.

The entering into the Programme Documents by the Banque des Caraïbes SA and/or by any other entity within My Money Group is one of the conditions of the transfer. Any amendment, modification, alteration, termination or supplement made to the relevant Programme Documents in the context of and/or following completion of the Transfer may also have a material and adverse effect on the rating(s) of the Covered Bonds, on the interest of the Issuer or the holders of the Covered Bonds and may materially and/or adversely affect the value of the Covered Bonds. However, in accordance with Condition 5(g) (*Programme Documents*) of the Terms and Conditions of the French law Covered Bonds, the Transfer is subject to Transfer Rating Condition as defined in the Terms and Conditions of the French law Covered Bonds.

For further information regarding the Transfer and the envisaged timetable, investors in the Covered Bonds are invited to refer to the section entitled "Recent Developments"."

4. The paragraph entitled "*The Issuer is exposed to certain operational risks*" in the section "Risk Factors" on pages 19 to 20 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*The Issuer is exposed to certain operational risks*

The Issuer is exposed to several types of operational risks that are inherent to its operations, including fraudulent and other criminal activities (both internal and external, including cyber), breakdown in processes. These operational risks could have an adverse effect on the business, the customers, the financial conditions and results of operations of the Issuer.

The main operational risks for the Issuer include the following:

- the financial crime risk refers to potential money laundering, terrorism's financing, sanctions with respect to the Borrower's customers. HSBC Continental Europe has a responsibility to help protect the integrity of the global financial system. To fulfil this responsibility, HSBC Continental Europe has made and continue to make, significant investments in the ability to detect, deter and prevent financial crime and HSBC Continental Europe has set a framework to be followed within its group. The framework is built to observe the letter and spirit of all relevant laws, codes rules, regulations, and standards of good market practice. These include for the Issuer more specifically those relating to financial crime compliance such as anti money laundering, Counter Terrorism and Proliferation Financing, and Sanctions in relation with the Borrower Collateral Security (*i.e.* the Home Loan Receivables which will be granted with full title transfer (*remise en pleine propriété à titre de garantie*)).

- the risks linked to security of information with respect to unauthorised access, alteration or theft of information. The risk from cyber-attack remains a concern for HSBC Continental Europe's group and failure to protect its operations from internet crime or cyber-attacks may result in financial loss, business disruption and / or loss of data or other sensitive information that could undermine the reputation and the ability to keep or attract Bondholders. The risk related to insider has been also considered by the Issuer. This risk comprises the risk implicit in actions by employees of HSBC Continental Europe, contractors of the Issuer or of HSBC Continental Europe, or others (such as third-party vendors), with authorised access to sensitive information, systems, premises, infrastructure, to cause reputational, regulatory or operational harm.

- the risk linked to transaction settlement error or failure to perform in the day-to-day activities, due to unavailability of systems, human errors, or process deployment, disruption from the external environment, dependency in the information technology system.

As at 30 June 2023, none of the above-mentioned operational risks have been detected by the Issuer at the Issuer's level."

5. The paragraph entitled "*Borrower's ability to pay under the Borrower Debt*" in the section "Risk Factors" on page 21 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*Borrower's ability to pay under the Borrower Debt*

Neither the Issuer nor any other party to the Programme Documents (other than, upon certain circumstances, the Borrower as grantor of the Borrower Collateral Security and as Cash Collateral Provider) guarantees or warrants the full and timely payment by the Borrower of any sums of principal or interest payable under the Borrower Debt, being part of the Issuer Assets. **As at 30 June 2023, the Borrower Debt amounted to €4,781,921,439**.

The likelihood of timely payments by the Borrower under the Borrower Debt is assessed through the monitoring of HSBC Continental Europe's rating. If this rating falls below a long-term rating of BBB by S&P and a counterparty risk rating of Baa2 by Moody's, the Issuer shall be entitled to enforce the Borrower Collateral Security. As of the date of this Base Prospectus, the long-term rating of HSBC Continental Europe is AA- (Fitch), A1 (Moody's) and A+ (S&P) and the long-term counterparty risk assigned to HSBC Continental Europe by Moody's is Aa3.

Should the Borrower be subject to any applicable insolvency proceedings (including the procedures of safeguard, moratorium, suspension of payments, controlled management, liquidation or similar insolvency proceedings), this would impair the ability of the Issuer to claim against the Borrower to obtain timely payment of amounts of principal and interest due and payable under the Borrower Debt and as a consequence, this may adversely affect the Issuer's ability to perform its obligations under the Covered Bonds.

However, in such event, the Issuer would be entitled to accelerate the payment of such amounts and then immediately enforce the Borrower Collateral Security or the Cash Collateral (including upon and following the commencement of insolvency proceedings against the Cash Collateral Provider and/or the Borrower)."

6. The paragraph entitled "*Risks related to maintenance of Borrower Collateral Security prior to or following enforcement thereof*" in the section "Risk Factors" on pages 23 to 24 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*Risks related to maintenance of Borrower Collateral Security prior to or following enforcement thereof*

If the collateral value of the Home Loan Receivables **(amounting to €6,199,618,297 at 30 June 2023 and representing 130.52% of the Covered Bonds currently outstanding (*i.e.* €4,750,000,000))** granted as Borrower Collateral Security in favour of the Issuer pursuant to the Borrower Collateral Security Agreement has not been maintained in accordance with the terms of the Asset Cover Test or the Amortisation Test or the other provisions of the Programme Documents, the value of the relevant Borrower Collateral Security Assets or any part thereof (both before and after the occurrence of a Borrower Event of Default) or the price or value of such Home Loan Receivables and related Home Loan Security upon the sale or refinancing thereof by the Issuer may be affected.

The value of the properties securing the Home Loans may decrease as a result of any number of factors, including the national or international economic climate, regional economic or housing conditions, changes in tax laws, mortgage interest rates, inflation, the availability of financing, yields on alternative investments, increasing utility costs and other day-to-day expenses, political developments and government policies. In addition, as the properties securing the Home Loans are predominantly located in France, the value of such properties may therefore decline in the event of a general downturn in the value of property in France. In this respect, it is to be noted that holders of Home Loans are composed of premium clients a large part of which are located in Paris and in the region Ile-de-France. **As at 30 June 2023, the number of Home Loans was 45,888 held by 35,501 clients**.

The materialization of any of the foregoing factors could adversely affect the Issuer's business, financial condition, cash flows and results of operations, and may result in the Issuer having insufficient funds to meet its obligations under the Covered Bonds."

7. The paragraph entitled "*Sale or refinancing of Home Loan Receivables and related Home Loan Security by the Issuer following enforcement of the Borrower Collateral Security*" in the section "Risk Factors" on pages 24 and 25 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*Sale or refinancing of Home Loan Receivables and related Home Loan Security by the Issuer following enforcement of the Borrower Collateral Security*

After title to the Home Loan Receivables granted as Borrower Collateral Security and the related Home Loan Security has been definitively transferred to the Issuer upon enforcement of the Borrower Collateral Security (the "**Transferred Assets**"), the Administrator will organise the sale or refinancing by the Issuer of such Home Loan

Receivables and related Home Loan Security in order for the Issuer to receive sufficient Available Funds to make payments when due under the relevant Series of Covered Bonds (after taking into account all payments to be made in priority thereto according to the relevant Priority Payment Order and the relevant payment dates and Final Maturity Date under each relevant Series of Covered Bonds). **As at 30 June 2023, the Home Loan Receivables amounted to €6,199,618,297 and the Home Loan Securities to €4,750,000,000**.

The Administrator will organise the sale or refinancing by the Issuer of the Home Loan Receivables granted as Borrower Collateral Security and the related Home Loan Security in accordance with the Administrative Agreement (see "**The Issuer – The Administrative Agreement**").

The Administrative Agreement provides that the Administrator shall ensure that the Transferred Assets which are proposed for sale or refinancing by the Issuer (the "**Selected Assets**") at any relevant date (the "**SARA Relevant Date**") will be selected on a random basis, provided that (i) no more Selected Assets will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount, and (ii) the aggregate outstanding principal amount or value (and interest accrued thereon) of such Selected Assets shall not exceed the "**Selected Assets Required Amount (SARA)**", which is calculated as follows:

$$SARA = \text{Adjusted Required Redemption Amount} * A/B$$

where:

"**Adjusted Required Redemption Amount**" means an amount equal to the euro equivalent of the outstanding principal amount of the first Series of Covered Bonds maturing after the SARA Relevant Date (together with Interest Amount accrued thereon), less amounts standing to the credit of the Issuer Accounts (excluding all amounts to be applied on the first Payment Date following the SARA Relevant Date to repay higher ranking amounts in the relevant Priority Payment Order and those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series);

"**A**" means the euro equivalent of the aggregate of the outstanding principal amount or value (together with interest accrued thereon) of all Transferred Assets; and

"**B**" means the euro equivalent of the outstanding principal amount (together with Interest Amount accrued thereon) in respect of all Series of Covered Bonds then outstanding.

The Administrator (or the Substitute Administrator) acting on behalf of the Issuer will offer the Selected Assets for sale to potential buyers for the best price reasonably available, but in any event for an amount not less than the Adjusted Required Redemption Amount.

If the Selected Assets have not been sold or refinanced (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six (6) months prior to the Final Maturity Date of the Series of Covered Bonds maturing after the SARA Relevant Date (after taking into account all payments, provisions and credits to be made in priority thereto), then the Administrator will (i) organise the offer for sale of the Selected Assets by the Issuer for the best price reasonably available, or (ii) seek a refinancing of the Selected Assets by the Issuer on the best terms reasonably available, even if the price obtained in this case for the Selected Assets is less than the Adjusted Required Redemption Amount.

For the purpose hereof, the Administrator may through a tender process select a portfolio manager of recognised standing which shall be appointed by the Issuer to advise it in relation to the sale or refinancing of the Transferred Assets. This portfolio manager can be appointed by the Issuer on terms intended to incite the portfolio manager to achieve the best price for the sale or refinancing of the Transferred Assets (if such terms are commercially available in the market).

In respect of any sale or refinancing of the Selected Assets, the Administrator shall use all reasonable endeavours to procure that the Selected Assets are sold as quickly as reasonably practicable (in accordance, as the case may be, with the recommendations of the portfolio manager) taking into account the market conditions at that time.

A buyer may not be found to acquire the Home Loan Receivables granted as Borrower Collateral Security and the related Home Loan Security at the times required and the price that may have been obtained, which may affect the ability of the Issuer to make payments when due under the Covered Bonds.

In addition, with respect to any sale or refinancing of the Home Loan Receivables granted as Borrower Collateral Security and the related Home Loan Security to third parties, the Issuer will not be permitted to give warranties or indemnities as to those assets. The representations or warranties previously given by the Borrower with respect to such assets pursuant to the terms of the Borrower Collateral Security Agreement may not benefit to a third-party purchaser of such assets upon sale or refinancing thereof by the Issuer. Accordingly, there is a risk that the price or value of such assets upon the sale or refinancing thereof by the Issuer be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Issuer to make payments when due under the relevant Series of Covered Bonds."

8. The paragraph entitled "*The Issuer relies on HSBC Continental Europe and its successors for the provision of liquidity*" in the section "Risk Factors" on page 26 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*The Issuer relies on HSBC Continental Europe and its successors for the provision of liquidity*

The Issuer has entered into the Cash Collateral Agreement with HSBC Continental Europe (as Cash Collateral Provider), who has agreed to provide liquidity to the Issuer upon certain rating trigger events occurring. **As at 30 June 2023, the Issuer has cash collateral funding of €1,200,000,000 in order to manage its liquidity over 180 days due to upcoming redemption of the oustanding €1,250,000,000 2.00 per cent. Covered Bonds due 16 October 2023 (ISIN: FR0011470764).**

Failure of HSBC Continental Europe or its successors to provide liquidity to the Issuer where required under the Cash Collateral Agreement may adversely affect the Issuers' ability to perform its obligations under the Covered Bonds and as a consequence Bondholders could receive a diminished return on their investment in the Covered Bonds."

9. The paragraph entitled "*The Issuer relies on HSBC Continental Europe or its successors for the monitoring of the Borrower Collateral Security Assets*" in the section "Risk Factors" on page 28 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*The Issuer relies on HSBC Continental Europe or its successors for the monitoring of the Borrower Collateral Security Assets*

The Issuer has entered into the Borrower Collateral Security Agreement with HSBC Continental Europe, who has agreed to administer and monitor the Borrower Collateral Security Assets and/or the Borrower Collateral Security. **As at 30 June 2023, Borrower Collateral Security Assets amounted to €6,199,618,297.**

Under the relevant Programme Documents, the Issuer may terminate the appointment of HSBC Continental Europe (such termination not being effective until a substitute servicer with the required rating shall have replaced HSBC Continental Europe), in which case the transfer of the monitoring function to any entity outside the HSBC Group may result in delays, increased costs and/or losses for the Issuer, could create operational and administrative difficulties for the Issuer and could adversely affect its ability to perform its obligations under the Covered Bonds. In addition, if the Borrower fails to adequately administer the Borrower Collateral Security Assets and/or the Borrower Collateral Security, this may lead to diminished value of the Borrower Collateral Security or any part thereof, and in turn, the ability of the Issuer to make payments under the Covered Bonds.

As a consequence, Bondholders could lose all or a significant part of their investment in the Covered Bonds."

10. The paragraph entitled "*Interest and currency risks*" in the section "Risk Factors" on page 31 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*Interest and currency risks*

Each Borrower Advance granted by the Issuer for the benefit of the Borrower under the Borrower Facility Agreement shall be made available in the same Specified Currency and according to the same interest conditions to those applicable to the Covered Bonds funding such Borrower Advance. As a consequence, as long as a Borrower Event of Default has not occurred, the Issuer shall not be exposed to any currency and interest risk regarding the Borrower Debt and the Covered Bonds. **As at 30 June 2023, the Borrower Debt amounted to €4,781,921,439**.

The Home Loan Receivables that are part of the Borrower Collateral Security may not bear interest by way of the same conditions as those of the Covered Bonds and are denominated in the same currency as the Covered Bonds. Upon the occurrence of a Borrower Event of Default and the enforcement of the Borrower Collateral Security, Home Loan Receivables and related Home Loans Security shall be transferred to the Issuer."

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled "Documents Incorporated by Reference" on pages 49 and 50 of the Base Prospectus is hereby deleted in its entirety and shall be replaced with the following:

"The Base Prospectus shall be read and construed in conjunction with the following documents which have been previously or simultaneously published and filed with the AMF and which are incorporated in, and shall be deemed to form part of, the Base Prospectus:

- the semi-annual financial report of HSBC SFH (France) for the six-month period ended 30 June 2023 in the French language which contains the non-consolidated financial statements of the Issuer for the six-month period ended 30 June 2023 and the auditors' limited review report thereon (the "**2023 Semestrial Financial Report**");

  https://www.about.hsbc.fr/-/media/france/fr/investors-relations/hsbc-sfh/230801-rapport-financier-semestriel-juin-2023.pdf

- the annual financial report of HSBC SFH (France) for the year ended 31 December 2022 in the French language and prepared in accordance with French generally accepted accounting principles and the statutory auditors' report thereon (together the "**2022 Annual Financial Report**"); and

  https://www.about.hsbc.fr/-/media/france/fr/investors-relations/hsbc-sfh/230307-rapport-financier-annuel-2022.pdf

- the annual financial report of HSBC SFH (France) for the year ended 31 December 2021 in the French language and prepared in accordance with French generally accepted accounting principles and the statutory auditors' report thereon (together the "**2021 Annual Financial Report**").

  https://www.about.hsbc.fr/-/media/france/fr/investors-relations/hsbc-sfh/220307-rapport-financier-annuel-2021.pdf

All documents incorporated by reference in the Base Prospectus may be obtained, without charge on request, at the principal office of Issuer and the Paying Agents set out at the end of the Base Prospectus during normal business hours so long as any of the Covered Bonds are outstanding. Such documents will be published on the websites of (i) the AMF (www.amf-france.org), (ii) the HSBC Continental Europe (www.about.hsbc.fr/investor-relations/covered-bonds) and (iii) www.info-financiere.fr.

For the purpose of the Prospectus Regulation, information can be found in the documents incorporated by reference in this Base Prospectus in accordance with the following cross-reference table (in which the numbering refers to the relevant items of Annexes 6 and 7 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation, as amended).

The information incorporated by reference in the Base Prospectus shall be read in connection with the cross-reference list below. Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

Cross-reference list

(Annex 6 and Annex 7 of the Regulation (EU) 2019/980, as amended)

Extracts of Annexes 6 and 7 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation, as amended		**2023 Semestrial Financial Report (page number)**	**2022 Annual Financial Report (page number)**	**2021 Annual Financial Report (page number)**
SECTION 11	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
11.1	Historical financial information			
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.	Pages 10 to 33	Pages 48 to 66	Pages 47 to 66
11.1.3	Accounting standards	-	23	24
11.1.5	Financial information			
	- Balance sheet	Pages 10 to 11	Pages 48 to 49	Pages 47 to 48
	- Income statement	Page 12	Page 50	Page 49
	- Statement of cash flows	Page 13	Page 51	Page 50
	- Statement of changes in equity	Page 14	Page 52	Page 51
	- Accounting policies and explanatory notes	Pages 15 to 31	Pages 53 to 62	Pages 52 to 62
11.1.7	Age of financial information	Page 10	Page 48	Page 47
11.3	Auditing of Historical financial information	Pages 32 to 33	Pages 63 to 66	Pages 63 to 66

SECTION 4	INFORMATION ABOUT THE ISSUER			
4.1.5	Recent events relating to the issuer	Pages 3 to 5	Pages 4 to 9	Pages 4 to 9"

THE ISSUER

1. The paragraph entitled "General" in the section "The Issuer" on pages 102 to 103 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"**General**

The Issuer is a limited liability company (*société anonyme*) organised under the laws of France and registered with the Trade and Companies Register of Nanterre, France under number 480 034 917.

The Issuer was incorporated on 22 December 2004 for 99 years under the corporate name "Hervet Participations". On 20 June 2008, the general meeting of the shareholders of the Issuer voted to change the corporate name to "HSBC Covered Bonds (France)", which was changed on 21 April 2011 with the adoption of the status of *société de financement de l'habitat*. Consequently, the current legal and commercial name of the Issuer is "HSBC SFH (France)". On July 2008, the Issuer established a programme for the issue of contractual covered bonds. As a result of the Issuer's adoption of the status of *société de financement de l'habitat* on or prior the date hereof, such contractual covered bonds shall automatically benefit from the *Privilège*.

The Issuer is governed by:

(a) the French Commercial Code (*Code de commerce*); and

(b) the French Monetary and Financial Code (*Code monétaire et financier*).

The Issuer is a special purpose entity, with separate legal capacity and existence, which was licensed by the French banking regulator (the *Comité des établissements de crédit et des entreprises d'investissement*, an institution now merged into the *Autorité de contrôle prudentiel et de resolution*) as a credit institution (*établissement de crédit*) with the status of *a financial company (société financière)* and with limited and exclusive purpose by the *Autorité de contrôle prudentiel et de résolution* on 28 March 2011.

Following the enactment of Law no. 2010-1249 dated 22 October 2010 on banking and financial regulation (the "**SFH Law**") and of Decree n°2011-205 dated 23 February 2011 establishing the new status of "*société de financement de l'habitat* (SFH)" (as modified by Decree n°2014-1315 dated 3 November 2014), and in accordance with the provisions of Article 74 of the SFH Law, the Issuer has opted for the regime of *société de financement de l'habitat* (SFH). On 28 March 2011, the Issuer was granted the status of *société de financement de l'habitat* (SFH) by the *Autorité de contrôle prudentiel et de résolution*. It shall be noted that following the transposition of the Capital Requirements Directive (*Directive CRD* IV) by the ordonnance n°2013-544 dated 27 June 2013, the *sociétés de financement de l'habitat* have the status of specialised credit institutions (*établissements de crédit specialisés*) since 1st January 2014 and is under supervision of the *Autorité de contrôle prudentiel et de résolution* and the European Central Bank (ECB). The Issuer is governed by the SFH Legal Framework as described below. See "The SFH Legal Framework".

The Issuer's exclusive corporate purpose set out in Article 2 of the Issuer's by-laws (*statuts*) is to finance home loans (*prêts à l'habitat*) and hold financial assets which are eligible under the SFH Legal Framework.

Therefore, in compliance with its license as *société de financement de l'habitat* but subject to the limitations set forth in its by-laws (*statuts*), the Issuer may:

(a) grant or finance home loans (*prêts à l'habitat*) and hold eligible securities and instruments;

(b) grant to any credit institutions (including HSBC Continental Europe) loans guaranteed by the remittance, the transfer or the pledge of the receivables arising from home loans;

(c) acquire promissory notes issued by credit institutions which represent receivables arising from home loans;

(d) issue *obligations de financement de l'habitat* (such as the Covered Bonds) and raise other sources of financing which benefit from the *Privilège* in order to finance these assets;

(e) issue ordinary bonds or raise other sources of financing which do not benefit from the *Privilège*, including promissory notes (*billets à ordre*) which represent receivables arising from home loans;

(f) carry out temporary transfers of securities, pledge a securities account and pledge or transfer all or part of the receivables held by it in accordance with the applicable provisions of the French Monetary and Financial Code (*Code monétaire et financier*). The receivables or securities thus transferred or pledged are not included in the cover pool defined in Article L.513-11 of the French Monetary and Financial Code (*Code monétaire et financier*) (*assiette du Privilège*) and are not taken into account for the calculation of the Legal Cover Ratio;

(g) in order to hedge its interest and currency risks on loans, exposures, *obligations de financement de l'habitat* and other sources of financing benefiting from the *Privilège*, or to manage or hedge the global risk on its assets, liabilities and off balance sheet, exposures, use derivative instruments as defined in Article L.211-1 of the French Monetary and Financial Code (*Code monétaire et financier*). Any amounts due by the Issuer pursuant to these financial instruments, after applicable netting, benefit from the *Privilège*.

The Issuer may not hold equity participations or other forms of equity interest issued by other companies.

The Issuer's registered office and principal place of business is located at Immeuble Coeur Défense, 110, esplanade du Général de Gaulle, 92400 Courbevoie, France. The telephone number of the Issuer's registered office is: +33 1 58 13 09 39.

On the date of this Base Prospectus, 99.99 per cent. of the Issuer's share capital is held by HSBC Continental Europe.

On 18 June 2021, the Issuer announced in a press release that HSBC Continental Europe has signed on such date a Memorandum of Understanding with Promontoria MMB SAS, its subsidiary Banque des Caraïbes SA and My Money Bank ("**MMB**") regarding the potential sale of HSBC Continental Europe's retail banking business in France. Promontoria MMB SAS and Banque des Caraïbes SA are under the control, directly or indirectly, of funds and accounts managed or advised by Cerberus Capital Management L.P.

The potential sale includes HSBC Continental Europe's French retail banking business, the Crédit Commercial de France ("**CCF**") brand and, subject to the satisfaction of relevant conditions, its 100 per cent. ownership interest in Crédit Logement, its 100 per cent. ownership interest in the Issuer, and the transfer of rights and obligations under the covered bonds programme at completion (the "**Potential Transaction**"). The Potential Transaction is structured such that it may proceed even if the relevant conditions to transfer the Issuer and/or the 100 per cent of HSBC Continental Europe's ownership interest in Crédit Logement are not satisfied.

On 25 November 2021, HSBC Continental Europe, Promontoria MMB SAS and Banque des Caraïbes SA entered into a Framework Agreement whereby HSBC Continental Europe 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.

On 10 December 2021, HSBC SFH (France) obtained the consent from the holders of its €1,250,000,000 2.00 per cent. Covered Bonds due 16 October 2023 (ISIN: FR0011470764) and the holders of its €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) requested in order for them to approve the Transfer and all consequential amendments to the Terms and Conditions of such Covered Bonds.

For further information regarding the Transfer and the envisaged timetable, investors in the Covered Bonds are invited to refer to the section entitled "Recent Developments".

At **30 June 2023** the Issuer's subordinated debt ("*dettes subordonnées*") amounted to €0, and the nominal amount of the covered bonds ("*dettes representées par un titre*") issued by the Issuer amounted to €4,750,000,000. Such covered bonds are scheduled to mature no later than 7 September 2032."

2. The sub-paragraph entitled "*Legal Cover Ratio*" in the section "The Issuer" on page 109 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"*Legal Cover Ratio*

Pursuant to Articles L.513-12 and R.513-8 of the French Monetary and Financial Code (*Code monétaire et financier*), a *société de financement de l'habitat* must at all times maintain a cover ratio between its eligible assets (including sums receivable as a result of forward financial instruments benefiting from the *Privilège*) and its liabilities benefiting from the *Privilège* of at least 105 %. See "**Asset Monitoring – The Minimum Legal Cover Ratio**".

Société de financement de l'habitat must submit their Legal Cover Ratio on 31 March, 30 June, 30 September and 31 December of each year to the ACPR. **The Legal Cover Ratio as of 31 March 2023 certified by the Specific Controller was 126.11%. The Legal Cover Ratio not yet certified by the Specific Controller, as of 30 June 2023 was 132.77%.**"

3. The paragraph entitled "Issuer Financial Elements" in the section "The Issuer" on pages 115 to 116 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"**Issuer Financial Elements**

The financial year of the Issuer runs from 1 January to 31 December. The annual and semestrial results of the Issuer incorporated by reference herein are non-consolidated accounts. The Issuer does not have subsidiaries and does not produce consolidated financial statements.

Comparative Financial Data (in euros)

	30/06/2023 (limited review)	31/12/2022 (audited)	30/06/2022 (limited review)	31/12/2021 (audited)
Income Statement				
Net operating income	1,911,000	1,489,199	587,463	1,551,719
Gross operating income	868,357	-675,342	-957,425	-283,794
Net income	558,663	-579,943	-843,135	-470,694

Balance Sheet				
Total balance sheet	6,105,221,679	4,894,652,786	4,387,511,824	3,777,695,946
Equity attributable to the owners of the parent (excluding FRBG)	113,732,776	113,174,113	112,910,919	113,754,056
Debt represented by a security	4,781,921,439	4,779,724,315	4,271,287,671	3,261,770,548

As of 31 December 2022, the balance sheet presents a total of 4,894,652,786 euros, as a reminder the total balance sheet as of 31 December 2021 was of 3,777,695,946 euros. The balance sheet has increased over the year mainly due to three new issues of covered bonds in March, June and September 2022, less the redemption of an existing series of covered bonds in March 2022.

As of 31 December 2022, the net income presents a total of -579,943 euros, as a reminder the net income as of 31 December 2021 was of -470,694euros. The decrease of the net income is mainly due to the reduction in net operating income and the increase of the Issuer's general operating expenses.

As of 30 June 2023, the balance sheet presents a total of 6,105,221,679 euros, as a reminder the total balance sheet as of 31 December 2022 was of 4,894,652,786 euros and of 4,387,511,824 euros as of 30 June 2022. The balance sheet has increased, over the period, mainly due to the increase of regulatory requirements.

As of 30 June 2023, the net income presents a total of 558,663 euros, as a reminder the net income as of 31 December 2022 was of -579,943 euros and of -843,135 euros as of 30 June 2022. The increase of the net income, over the period, is mainly due to the increase in net operating income.

Prudential ratios

The Issuer's prudential ratios are assessed at the Issuer level."

4. **The paragraph entitled "Cash flow statements (fiscal years 2022 and 2021 audited)" in the section "The Issuer" on page 116 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:**

"**Cash flow statements (first semester 2023 limitedly reviewed and fiscal years 2022 and 2021 audited)**

The cash flow statement analyses changes in cash flow from operating activities, investing activities and financing activities between two financial periods.

It is prepared using the indirect method. Net income for the period is restated for non-monetary items:

- depreciation allowances for tangible and intangible assets, net depreciation, net provisions, other transactions without cash payments such as expenses payable and accrued income, and corporate tax due on the following financial period;

- cash flows from operating, investing and financing activities are determined by the difference between the items in the annual financial statements for the previous year and for the current year.

Operating activities include lending to HSBC Continental Europe of resources from financial activities.

Investment activities correspond to the acquisition of investment notes, subscription of term deposits, and coupons and interest amounts of such investments.

Financing activities correspond to the issue of shares, and the issue or reimbursement of unsubordinated long-term loans, and the issue of covered bonds.

Cash flow is defined according to the standards of the CNC. It includes cash on hand and demand deposits at the Banque de France, in post office accounts and with banks."

HSBC SFH (France)

S.A. with capital share of 113 250 000 euros

110, esplanade du Général de Gaulle
92400 COURBEVOIE
RCS Nanterre 480 034 917

CASHFLOW STATEMENT

In Thousand Euros	30/06/2023	31/12/2022	*Proforma* 31/12/2022	31/12/2021
Net Profit & Loss	**559**	**-580**	**-580**	**-471**
Corporate Tax				
Net appropriations to depreciation of tangible and intangible assets				
Depreciation of goodwill and other fixed assets				
Net appropriations to provisions	-255	-341	-341	829
Portion of profits relating to affiliate companies				
Flows related to share and bond issues transactions *	-28,382	23,838	-1,162	0
Flows related to lending operations to credit institutions and customers **	-42,019	-12,296	-37,228	-3,284
Net loss / net gain from investment activities				
Exchange rate variations on cash and cash equivalents	0	0	0	0
Cashflow on payable expenses	274	-490	-490	517
Other transactions	301	0	0	0
Total non-monetary items included in net pre-tax profit and other adjustments	**-69,523**	**10,131**	**-39,801**	**-2,408**
Cashflow relating to transactions with credit instructions (including accrued interests)	33,038	-1,008,390	-983,458	0
Cashflow relating to transactions with customers				
Cashflow from other transactions relating to financial assets or liabilities				
Cashflow from other transactions relating to non-financial assets or liabilities	-265	45	45	28
Dividend received from affiliates companies				
Taxes paid	-86	-86	-86	-145
Net decrease / (increase) of assets and liabilities from operating activities	**32,686**	**-1,008,431**	**-983,500**	**-117**
TOTAL NET CASHFLOW FROM OPERATING ACTIVITIES	**-36,837**	**-998,301**	**-1,023,301**	**-2,525**
Cashflow relating to participating interests				
Borriwings to banks				
Cashflow relating to tangible and intangible assets				
TOTAL NET CASHFLOW FROM INVESTMENTS ACTIVITIES	**0**	**0**	**0**	**0**
Cashflow derived from or intended for covered bonders (including accrued interests)	31,240	994,530	1,019,530	0
Other net cashflow from financing activities (including accrued interests)	1,207,133	-400,000	-400,000	400,000
Income / charges from financing activities				
Cashflow derived from or intended for shareholders	0	0	0	0
TOTAL NET CASHFLOW RELATING TO FINANCING ACTIVITIES	**1,238,373**	**594,530**	**619,530**	**400,000**
NET VARIATION OF CASH OR CASH EQUIVALENT	**1,201,537**	**-403,771**	**-403,771**	**397,475**
Exchange rate variations on cash and cash equivalents	**0**	**0**	**0**	**0**
Cash and cash equivalent at opening	**107,812**	**511,583**	**511,583**	**114,107**
Cash, central Banks, post office checking accounts (assets and liabilities)	107,812	511,583	511,583	114,107
Account net balance and loans / borrowings with credit institutions				
Cash and cash equivalent at closing	**1,309,349**	**107,812**	**107,812**	**511,583**
Cash, central Banks, post office checking accounts (assets and liabilities)	1,309,349	107,812	107,812	511,583
Account net balance and loans / borrowings with credit institutions				
TOTAL NET TREASURY VARIATION OR CASH EQUIVALENT	**1,201,537**	**-403,771**	**-403,771**	**397,475**

At closing of June 2023, the presentation of the cash flow statement was corrected to better reflect the reality of cash flows.
The proforma column presents the corrected 2022 figures.

* These flows correspond to accrued interests and the spread of premiums and issuance costs for the year.

** These flows cover both accrued interests and the spread of the commissions for the year.

5. **The paragraph entitled "Issuer Statutory Auditors" in the section "The Issuer" on page 121 of the Base Prospectus is hereby deleted and replaced with the following:**

"**Issuer Statutory Auditors**

The auditors of the Issuer are:

(a) PricewaterhouseCoopers Audit, 63, rue de Villiers 92208 Neuilly sur Seine Cedex, France; and

(b) BDO Paris, 43-47, avenue de la Grande Armée, 75116 Paris, France.

The statutory auditors of the Issuer are registered with the *Compagnie Nationale des Commissaires aux Comptes* (official statutory auditors' representative body).

PricewaterhouseCoopers Audit, 63 rue de Villiers 92208 Neuilly sur Seine Cedex, France, (duly authorised as *Commissaire aux comptes*) and BDO Paris, 43-47, avenue de la Grande Armée, 75116 Paris, France, (duly authorised as *Commissaire aux comptes*) have been appointed as *Commissaires aux comptes* of the Issuer (the "**Statutory Auditors**") respectively as from 2 March 2015 and as from 20 June 2008. The Statutory Auditors have audited and rendered unqualified audit reports on the non-consolidated financial statements of the Issuer for the fiscal years ended 2021 and 2022 and have reviewed and rendered an unqualified limited review report on the half-yearly non-consolidated financial statements of the Issuer for the six-month period ended 30 June 2023."

RECENT DEVELOPMENTS

A new section entitled "Recent Developments" is hereby added on page 135 of the Base Prospectus with the following:

"RECENT DEVELOPMENTS

On 14 April 2023, the Issuer has published the following press release:

HSBC

"Press Release

14 April 2023

HSBC SFH (FRANCE)

UPDATE ON POTENTIAL SALE OF HSBC SFH (FRANCE)

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

- Significant interest rate rises since the sale terms were agreed and the related fair value accounting treatment on acquisition have made completion by the Purchaser Group less certain
- Parties remain committed to the sale, but appropriate amendments yet to be agreed meaning a delay to closing expected if the sale completes
- Given sale is less certain, HSBC's French retail banking business no longer classified as held for sale

On 18 June 2021, HSBC Continental Europe ('HBCE') announced it had signed a Memorandum of Understanding ('MoU') with Promontoria MMB SAS ('My Money Group') and its subsidiary Banque des Caraïbes SA (the 'Purchaser', and together with My Money Group, the 'Purchaser Group') regarding the potential sale of HBCE's retail banking business in France (the 'Transaction'). The parties subsequently entered into a binding framework agreement ('Framework Agreement') on 25 November 2021. My Money Group and the Purchaser are under the control, directly or indirectly, of funds and accounts managed or advised by Cerberus Capital Management L.P.

The Transaction includes the transfer of HBCE's 100% ownership interest in HSBC SFH (France) ('HSFH'), and the transfer of HBCE's rights and obligations under the covered bonds programme issued by HSFH at completion. The Transaction is structured such that it may proceed even if the relevant conditions to transfer HSBC SFH are not satisfied.

HSFH notes that today HSBC Holdings plc ('HSBC') and HBCE have announced that the Purchaser Group has informed HBCE that the significant, unexpected interest rate rises in France since the Framework Agreement was signed in 2021, and the related fair value accounting treatment on acquisition, will significantly increase the amount of capital required by the enlarged Purchaser Group at closing of the Transaction. Unless this issue is addressed, the Purchaser will be unable to obtain regulatory approval for the Transaction. Under the terms of the Framework Agreement, the Purchaser is required to use its best efforts to obtain this approval. However, the Purchaser Group has advised HBCE that they consider that they will be unable to obtain regulatory approval without amending the previously agreed Transaction terms. The parties are continuing discussions. If the Transaction does proceed, it is expected that closing will be delayed.

On 30 September 2022, HSBC and HBCE have reclassified HBCE's retail banking operations in France to held for sale as, at that point in time, the Transaction was anticipated to complete in the second half of 2023, subject to the satisfaction of certain conditions including regulatory approval. Each quarter, HSBC and HBCE review the 'held for sale' classification of HBCE's French retail banking operations in accordance with IFRS 5 (an accounting standard which requires a high probability of a transaction completing within a 12-month period).

Given completion of the Transaction has become less certain, as at 31 March 2023 HSBC and HBCE are required to change the accounting classification of HBCE's retail banking operations in France. They will no longer be classified as held for sale.

HSBC has confirmed it remains committed to pursuing the sale providing appropriate terms can be agreed and to supporting its clients and colleagues in France at all times.

If the Transaction has not completed by 31 May 2024, the Framework Agreement will terminate automatically, although that date can be extended to 30 November 2024 in certain circumstances. HSBC will provide further updates on the Transaction as required.

Notes to Editors

HSBC SFH (France)

HSBC SFH (France) is a funding vehicle used by HSBC Continental Europe for the issuance of covered bonds backed by mortgage loans issued by HSBC Continental Europe.

HSBC Continental Europe

Headquartered in Paris, HSBC Continental Europe is an indirectly held subsidiary of HSBC Holdings plc. HSBC Continental Europe includes, in addition to its banking, insurance and asset management activities based in France, the business activities of 10 European branches (Belgium, Czech Republic, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden) and two subsidiaries (Germany and Malta) acquired in November 2022. HSBC Continental Europe's mission is to serve both customers in Continental Europe for their needs worldwide and customers in other Group countries for their needs in Continental Europe.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 62 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US$2,967bn at 31 December 2022, HSBC is one of the world's largest banking and financial services organisations.

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This announcement contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements may be identified by the use of terms such as 'expects,' 'targets,' 'believes,' 'seeks,' 'estimates,' 'may,' 'intends,' 'plan,' 'will,' 'should,' 'potential,' 'reasonably possible', 'anticipates,' 'project', or 'continue', variation of these words, the negative thereof or similar expressions or comparable terminology. HSFH has based the forward-looking statements on current plans, information, data, estimates, expectations and projections about, among other things, results of operations, financial condition, prospects, strategies and future events, and therefore undue reliance should not be placed on them. These forward-looking statements are subject to risks, uncertainties and assumptions about the HBCE group, as described under 'Cautionary statement regarding forward-looking statements' contained in the HBCE Annual Report for the year ended 31 December 2022. HSFH undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements."

On 14 June 2023, the Issuer has published the following press release:

HSBC

“Press Release

14 June 2023

HSBC SFH (FRANCE)

UPDATE ON THE SALE OF HSBC CONTINENTAL EUROPE’S RETAIL BANKING BUSINESS IN FRANCE

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

HSBC SFH (France) (‘HSFH’) notes that HSBC Continental Europe (‘HBCE’) has today signed a further Memorandum of Understanding regarding certain potential changes to the terms of the sale of its French retail banking business. The potential changes do not impact the planned sale of HSFH under the terms of the original transaction.

HBCE confirmed today in its regulatory notice that the following potential changes are designed to enable the Purchaser to satisfy its future capital requirements (following significant interest rate rises since the sale was first agreed in 2021) and to obtain regulatory approval for the transaction:

- the indirect shareholder of My Money Group will contribute €225m of capital to My Money Group by closing;
- HBCE will retain a portfolio of €7.0bn of home loans, which was originally part of the sale (and in respect of which HBCE may consider on-sale opportunities at a suitable time), with HBCE including cash, equivalent to the carrying value of those loans in the transaction perimeter;
- the net asset value of the business to be transferred at closing will be set by reference to the prevailing mortgage interest rate and the 10-year mid-swap rate at the closing date of the transaction (the ‘Prevailing Rates’) capped at €1.720bn;
- depending on the Prevailing Rates, HBCE will receive a profit participation interest of 1.25 times the amount invested (carrying PIK interest of 8% per annum on the outstanding balance) in exchange for investing capital into My Money Group’s top holding company–the maximum amount invested would be €407m, and the aggregate of the actual net asset value delivered at closing and this investment would not exceed €1.768bn;
- a long term agreement for HBCE to license the Crédit Commercial de France (‘CCF’) brand to the Purchaser;
- enhancements for HBCE in respect of insurance and asset management distribution agreements with the Purchaser; and
- operational and servicing arrangements necessary to implement the above arrangements.

The changes do not alter the underlying rationale for the transaction, which will allow HBCE to focus on its international wholesale business model. There is no immediate change to the IFRS accounting treatment of the HBCE’s French retail business – there will be an information and consultation process with respective works councils and the transaction remains subject to regulatory approvals. The parties are aiming to close the transaction on 1 January 2024.

The financial impact of the transaction for HBCE is now expected to be:

- A cumulative pre-tax loss on sale up to €2.2bn, including an estimated up to €2.0bn, expected to be recognised during 2H23. The final pre-tax loss on sale will be determined at closing, by reference to

Prevailing Rates at the time and the value of the profit participation interest (if relevant).

- An estimated reduction of €2.5bn in RWAs.
- Ongoing costs associated with the retention of €7.0bn of home loans, net of income on distribution agreements and brand licensing, for an estimated after-tax loss of €0.1bn for 2024.
- CET1 broadly unchanged from 31DEC22 (15.3%) upon reclassification of the business as held for sale under IFRS as the reversal of the previously recognised loss had not been verified for inclusion in the CET1 at 31MAR23.

On 18 June 2021, HBCE announced (the '2021 Announcement') that it had signed a Memorandum of Understanding with Promontoria MMB SAS ('My Money Group') and its subsidiary Banque des Caraïbes SA (the 'Purchaser', and together with My Money Group, the 'Purchaser Group') regarding the potential sale of HBCE's retail banking business in France (the 'Business') (the 'Transaction'). The parties subsequently entered into a binding framework agreement ('Framework Agreement') on 25 November 2021. My Money Group and the Purchaser are under the control, directly or indirectly, of funds and accounts managed or advised by Cerberus Capital Management L.P.

On 14 April 2023, HBCE announced that following significant interest rate rises since the sale terms were agreed in 2021, completion of the Transaction was less certain and that the Business was no longer being classified as held for sale.

HSFH notes that the parties have today signed a further Memorandum of Understanding ('MoU') regarding certain potential changes to the terms of the Transaction (the 'Potential Changes') which are designed to enable the Purchaser to satisfy its future capital requirements and to obtain regulatory approval for the Transaction. The Potential Changes do not alter the underlying rationale for the Transaction as set out in the 2021 Announcement.

HBCE confirmed today in its regulatory notice that the Potential Changes involve changes to the Transaction perimeter and amendments to certain other agreements as summarised below:

- the indirect shareholder of My Money Group contributing €225m of capital to My Money Group by the closing date of the Transaction ('Closing');
- the retention of a portfolio of €7.0bn of home and certain other loans by HBCE, that was originally planned to transfer as part of the sale, which will be serviced by the Purchaser post-Closing and in respect of which HBCE may consider on-sale opportunities at a suitable time;
- HBCE including a cash amount equivalent to the carrying value of the retained portfolio of loans in the Transaction perimeter;
- the net asset value of the Business agreed to be transferred at Closing will be set by reference to the prevailing mortgage interest rate (the 'Origination Rate') and the 10-year mid swap rate (the 'Swap Rate') at the closing date of the Transaction (together, the 'Prevailing Rates') capped at €1.720bn;
- depending on the Prevailing Rates, HBCE would receive a profit participation interest in exchange for investing capital into the top holding company of My Money Group– key features of the profit participation arrangement include:
    - the maximum consideration payable for the profit participation interest would be €407m (and the aggregate of the actual net asset value delivered at Closing and the investment made in the profit participation interest would not exceed €1.768bn);
    - the nominal value of the profit participation interest would be 1.25 times the amount invested by HBCE (so, illustratively, a maximum investment of €407m would represent a profit participation value of €509m);
    - o the profit participation interest will attract payment-in-kind ('PIK') interest of 8% per annum on the outstanding balance;
    - o payment of the profit participation interest would be payable out of distributions from, or proceeds from the sale of My Money Group ('Available Proceeds');

- o the profit participation interest would be paid out of Available Proceeds in priority to distributions to the Cerberus funds in respect of their existing indirect investment in My Money Group;

- the retention of the Crédit Commercial de France (‘CCF’) brand by HBCE, and the entry into a long term agreement for HBCE to license the CCF brand to the Purchaser;
- certain enhancements to the insurance distribution agreement between HSBC Assurances Vie (France) and the Purchaser;
- certain enhancements to the asset management distribution agreement between HSBC Global Asset Management (France) and the Purchaser; and
- operational and servicing arrangements necessary to implement the above arrangements.

The signing of the MOU has been approved by the boards of directors of HBCE, My Money Group and the Purchaser.

Financial terms and impact of the Transaction (taking into account the Potential Changes)

The terms of the Transaction announced in 2021 contemplate HBCE transferring the Business to the Purchaser with a net asset value of c.€1.65bn on Closing, subject to adjustment in certain circumstances, in exchange for consideration of €1. Taking into account the Potential Changes, the net asset value to be transferred in connection with the Transaction is expected to be substantially unchanged from the terms of the Transaction announced in 2021.

There is no immediate change to the accounting treatment of the French retail business under IFRS – there will be an information and consultation process with respective works councils and the Transaction remains subject to regulatory approvals. Temporary deferred tax liabilities may arise as a result of differences in accounting treatment between IFRS and HBCE accounts prepared on a French GAAP basis.

Taking into account the Potential Changes, the financial impacts of the Transaction on HBCE (on a consolidated basis) are currently expected to be[1] :

- the recognition of a pre-tax loss on sale estimated at up to €2.0bn upon reclassification of the Business as held for sale, expected during 2H23. The final pre-tax loss on sale will be determined at Closing, by reference to the Prevailing Rates at the time, and the value of the profit participation interest (if relevant). The cumulative Transaction loss across 2021-2024 is estimated at €2.2bn based on observed rates, including transaction costs and write-offs.
- An estimated reduction of €2.5bn in RWAs[2] .
- Ongoing costs associated with the retention of €7.0bn of home and certain other loans, net of income on distribution agreements and brand licensing for an estimated after-tax loss of €0.1bn in 2024 based on expected funding rates.
- CET1 broadly unchanged from 31DEC22 (15.3%) upon reclassification of the business as held for sale under IFRS as the reversal of the previously recognised loss had not been verified for inclusion in the CET1 at 31MAR23.

The table below sets out the expected estimated position, assuming a Swap Rate of 3.0 % and an Origination Rate of 4.0%, in each case at Closing, and a nil initial value ascribed to the profit participation interest. To the extent that the expected Swap Rate and Origination Rate at Closing vary and a value is ascribed to the profit participation interest, the estimated transferring net asset value and therefore pre-tax loss may reduce.

[1] Based on 31 March 2023 HBCE consolidated balance sheet and capital position.

[2] Estimated based on the 31 March 2023 position of the business.

	Estimate as at 31 May 2023	**Expected timing of P&L impact**
Estimated transferring net asset value	€1.8bn	2H23
Purchase price expected to be payable on Closing	€1	
Estimated resulting pre-tax loss	**(€1.8bn)**	
Other estimated P&L transaction impacts (including transaction costs, write-offs and recycling reserves)	(€0.4bn)	2021-2024
Estimated total pre-tax loss on sale for HBCE[3]	**(€2.2bn)**	
Of which: estimated to be recognised upon reclassification as held for sale	**(€2.0bn)**	**2H23**

Given the financial terms of the Transaction, it is not expected that the Transaction will result in any net proceeds of sale for HBCE.

Indicative timetable, next steps and conditions

The MoU records the status of the negotiations between the parties in respect of the Potential Changes and sets out the information and consultation process of HBCE and the Purchaser with their respective works councils, which will commence shortly. If, following the outcome of these processes, the parties were to decide to implement the Potential Changes, they would enter into the requisite binding agreements.

The Transaction remains subject to regulatory approvals. The parties are aiming to close the Transaction on 1 January 2024. The long stop date for the Transaction is 31 May 2024, extendable to 29 November 2024 in certain circumstances.

Notes to Editors

HSBC SFH (France)

HSBC SFH (France) is a funding vehicle used by HSBC Continental Europe for the issuance of covered bonds backed by mortgage loans issued by HSBC Continental Europe.

HSBC Continental Europe

Headquartered in Paris, HSBC Continental Europe is an indirectly held subsidiary of HSBC Holdings plc. HSBC Continental Europe includes, in addition to its banking, insurance and asset management activities based in France, the business activities of 10 European branches (Belgium, Czech Republic, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden) and two subsidiaries (Germany and Malta) acquired in November 2022. HSBC Continental Europe's mission is to serve both customers in Continental Europe for their needs worldwide and customers in other Group countries for their needs in Continental Europe.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 62 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US$2,967bn at 31 December 2022, HSBC is one of the world's largest banking and financial services organisations.

Investor enquiries to:

Richard O'Connor + 44 (0) 20 7991 6590 investorrelations@hsbc.com

[3] Inclusive of transferring business net asset value and profit participation interest at nil fair value.

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This announcement contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements may be identified by the use of terms such as 'expects,' 'targets,' 'believes,' 'seeks,' 'estimates,' 'may,' 'intends,' 'plan,' 'will,' 'should,' 'potential,' 'reasonably possible', 'anticipates,' 'project', or 'continue', variation of these words, the negative thereof or similar expressions or comparable terminology. HSFH has based the forwardlooking statements on current plans, information, data, estimates, expectations and projections about, among other things, results of operations, financial condition, prospects, strategies and future events, and therefore undue reliance should not be placed on them. These forward-looking statements are subject to risks, uncertainties and assumptions about the HBCE group, as described under 'Cautionary statement regarding forward-looking statements' contained in the HBCE Annual Report for the year ended 31 December 2022. HSFH undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements."

TAXATION

The paragraph entitled "France" in the section "Taxation" on pages 174 to 175 of the Base Prospectus is hereby deleted in its entirety and replaced with the following (the changes appear in blue):

"**France**

The following is an overview of certain French withholding tax considerations that may be relevant to Bondholders who do not concurrently hold shares of the Issuer.

Payments of interest and other revenues made by the Issuer with respect to Covered Bonds are not subject to withholding tax in France unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (*Code général des impôts*) (a "**Non-Cooperative State**"), other than a Non-Cooperative State mentioned in Article 238-0 A 2 *bis* 2° of the French General Tax Code (*Code général des impôts*). If such payments under the Covered Bonds are made in a Non-Cooperative State other than a Non-Cooperative State mentioned in Article 238-0 A 2 *bis* 2° of the French General Tax Code (*Code général des impôts*), a 75% withholding tax is applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code (*Code général des impôts*).

Furthermore, according to Article 238 A of the French General Tax Code (*Code général des impôts*), interest and other revenues on such Covered Bonds are not deductible from the Issuer's taxable income, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to a bank account opened in a financial institution in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq* of the French General Tax Code (*Code général des impôts*), in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code (*Code général des impôts*), at a rate of 12.8% for payments benefiting individuals who are not French tax residents, and 25% for payments benefiting legal persons which are not French tax residents, or 75% for payments made outside France in a Non-Cooperative State other than a Non-Cooperative State mentioned in Article 238-0 A 2 *bis* 2° of the French General Tax Code (*Code général des impôts*) (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax set out under Article 125 A III of the French General Tax Code *(Code général des impôts)* nor, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion and therefore the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code (*Code général des impôts*) that may be levied as a result of such Deductibility Exclusion, will apply in respect of a particular issue of Covered Bonds if the Issuer can prove that the principal purpose and effect of such issue of Covered Bonds was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the French tax administrative guidelines BOI-INT-DG-20-50-20 dated **6 June 2023**, n°290, BOI-INT-DG-20-50-30 dated 14 June 2022, n°150, BOI-IR-DOMIC-10-20-20-60 dated 20 December 2019, n°10 and BOI-RPPM-RCM-30-10-20-40 dated 20 December 2019, an issue of Covered Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Covered Bonds, if such Covered Bonds are:

(a) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(b) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(c) admitted, at the time of their issue, to the operations of a central depositary or of a securities payment and delivery system operator within the meaning of Article L.561-2 of the French Monetary and Financial Code (*Code monétaire et financier*), or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

1. Pursuant to Article 125 A I of the French General Tax Code (*Code général des impôts*), subject to certain limited exceptions, where the paying agent (*établissement payeur*) is established in France, interest and other assimilated income received by individuals fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and solidarity levy) are also levied by way of withholding tax at a global rate of 17.2% on such interest and other assimilated income received by individuals fiscally domiciled (*domiciliés fiscalement*) in France."

GENERAL INFORMATION

The paragraphs (2), (3), (4), (5), (7), (9) and (13) of the section "General Information" on pages 231 to 232 of the Base Prospectus shall be deleted in their entireties and replaced with the followings:

"(2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the update of the Programme including authorisations by the general meetings of shareholders (*assemblées générales d'actionnaires*) of the Issuer dated 7 March 2023 and 26 July 2023 and the boards of directors (*conseils d'administration*) of the Issuer dated 7 March 2023 and 26 July 2023. Any issuance of Covered Bonds under the Programme, to the extent that such Covered Bonds constitute *obligations* under French law, requires the prior authorisation of the board of directors (*conseil d'administration*) of the Issuer, which may delegate its power to any person of its choice. For this purpose, the board of directors (*conseil d'administration*) of the Issuer held on 26 July 2023 delegated for a period of one year to Mr. Pierre Bouvy, Chief Executive Officer (*directeur général*) of the Issuer and to Mrs. Agnieszka Bojarska-Serres, Deputy Chief Executive Officer (*directrice générale déléguée*), the power to decide the issue of bonds (*obligations*) under the Programme, governed by French or foreign law, up to an amount of €3,500,000,000 (or its equivalent in any other currency).

(3) Save as disclosed in the Base Prospectus and the First Supplement, there has been no significant change in the financial position or financial performance of the Issuer since 30 June 2023.

(4) Save as disclosed in the Base Prospectus and the First Supplement, there has been no material adverse change in the prospects of the Issuer since 31 December 2022.

(5) Save as disclosed in the Base Prospectus and the First Supplement, there are no events particular to the Issuer which are to a material extent relevant to an evaluation of its solvency.

(7) Save as disclosed in the Base Prospectus and the First Supplement, there are no material contracts that are not entered into in the ordinary course of the Issuer's business which could result in any Affiliate being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Bondholders in respect of the Covered Bonds being issued.

(9) PricewaterhouseCoopers Audit, 63 rue de Villiers 92208 Neuilly sur Seine Cedex, France, (duly authorised as *Commissaire aux comptes*) and BDO Paris, 43-47, avenue de la Grande Armée, 75116 Paris, France, (duly authorised as *Commissaire aux comptes*) have been appointed as *Commissaires aux comptes* of the Issuer (the "**Statutory Auditors**") respectively as from 2 March 2015 and as from 20 June 2008. The Statutory Auditors have audited and rendered unqualified audit reports on the non-consolidated financial statements of the Issuer for the fiscal years ended 2021 and 2022 and have reviewed and rendered an unqualified limited review report on the half-yearly non-consolidated financial statements of the Issuer for the six-month period ended 30 June 2023.

(13) So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and at the specified office of the Paying Agent(s):

(a) the by-laws (*statuts*) of the Issuer;

(b) the audited non-consolidated financial statements of the Issuer and audit reports thereon in respect of the financial years ended on 31 December 2021 and 31 December 2022 and the reviewed non-consolidated financial statements of the Issuer for the six-month period ended 30 June 2023;

(c) the Agency Agreement (which includes the form of the *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Covered Bonds, the Coupons, the Receipts, the Talons, the Terms and Conditions of the German law Covered Bonds and the form of Assignment of the German law Covered Bonds); and

(d) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

The documents listed in (a) and (b) below will be available on the website of the AMF (www.amf-france.org) and on the website of the Issuer (www.about.hsbc.fr/investor-relations/covered-bonds):

(a) Final Terms for Covered Bonds that are admitted to trading on Euronext Paris or any other Regulated Market in the EEA; and

(b) a copy of the Base Prospectus together with any supplement to the Base Prospectus or further Base Prospectus."

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THIS FIRST SUPPLEMENT

Person responsible for this First Supplement

In the name of the Issuer

I represent, to the best of my knowledge, that the information contained or incorporated by reference in this First Supplement is in accordance with the facts and makes no omission likely to affect its import.

Paris, 3 August 2023

HSBC SFH (France)
Immeuble Cœur Défense
110, esplanade du Général de Gaulle
92400 Courbevoie
France

Represented by: Mr. Pierre Bouvy, Chief Executive Officer

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

Autorité des marchés financiers

This First Supplement to the Base Prospectus has been approved on 3 August 2023 by the *Autorité des marchés financiers* (the "**AMF**"), in its capacity as competent authority under Regulation (EU) 2017/1129, as amended.

The AMF has approved this document after having verified that the information in the Base Prospectus is complete, comprehensible and consistent within the meaning of Regulation (EU) 2017/1129, as amended.

This approval should not be considered as a favourable opinion on the Issuer that is the subject of this First Supplement.

This First Supplement to the Base Prospectus has been granted the following approval number: 23-341.