

Investor Presentation

HSBC SFH (France)

Date: August 2022



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Information in this presentation was prepared as at August 2022.

Executive Summary

HSBC Continental Europe, HSBC SFH (France) and My Money Group – Key takeaways

◆ A very strong legal framework:

- HSBC SFH (France) is a *Société de Financement de l'Habitat*, governed by French law
- Regulated by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR - French supervisory and control authority of banking and insurance activities)
- Wholly-owned by HSBC Continental Europe (HBCE), rated A+ / A1 / AA- by S&P / Moody's / Fitch
- Bankruptcy-remote from HBCE as shareholder pursuant to the French Monetary and Financial Code

◆ A high quality cover pool:

- Covered bonds issued by HSBC SFH (France) are rated AAA by S&P and possibly Aaa by Moody's
- Exposure to one of the most stable housing markets in Europe (100% fixed rate loans in the cover pool)
- More than EUR 11bn of loans currently eligible for SFH collateral
- HSBC SFH obtained the Premium label for its issuances starting July 8th, 2022 pursuant to the EU Covered bond Directive

◆ An access to diversified and complementary investor base through:

- Public benchmark series on various medium and long term maturities, hard or soft bullets
- Issuance mainly in EUR denominated units, with the ability to issue in other major currencies

◆ HSBC SFH (France) programme is due to be transferred to My Money Group in the context of the acquisition of HSBC's retail banking activities in France

◆ HSBC SFH's benchmark transaction announced today comes after a €1.25bn issuance completed in March 2022 on a 5-year maturity and a €750m issuance closed in June 2022 on a 6-year maturity

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HSBC Continental Europe



HSBC Continental Europe

Key Facts (1/2)

Key financial metrics 1H 2022

PBT  <small>1H21: € 187m</small> € 184m	Revenue  <small>1H21: € 1,322m</small> € 1,311m	ECL / LICs  <small>charge/(release) 1H21: € 1m</small> € 0m	A/D ratio <small>1H21 : 84%</small> 86%	CET1 ratio <small>1H21: 11,9%</small> 13.7%
Customer loans <small>1H21: € 55bn</small> € 58bn	Customer deposits <small>1H21: € 65bn</small> € 67bn	RWAs <small>1H21: € 48bn</small> € 48bn	LCR <small>1H21: 144%</small> 145%	Total Capital Ratio <small>1H21: 16,4%</small> 18.7%



Denotes an adjusted measure

Corresponding reported figures and reconciliation of non-GAAP financial measures are presented in the HSBC Continental Europe 1H2022 Financial Report available at www.hsbc.com

HSBC Continental Europe

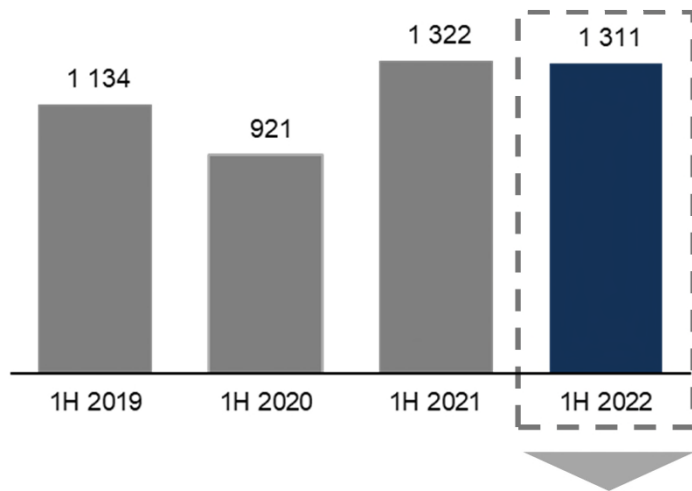
- ◆ HSBC Continental Europe is building a leaner, simpler bank with a sharper strategic focus and an ambition to grow
- ◆ Acting as the HSBC Group's Global Markets strategic platform for Euro rates products
- ◆ We are simplifying our operating structure
- ◆ HSBC Continental Europe benefits from an international network
- ◆ AA- / A1 / A+ top ratings from the three main rating agencies
- ◆ HSBC Continental Europe, comprises our Paris hub and its European Union branches (Belgium, Czech Republic, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden). We have created an integrated and simpler Continental European bank anchored on Paris to better serve our clients

HSBC Continental Europe

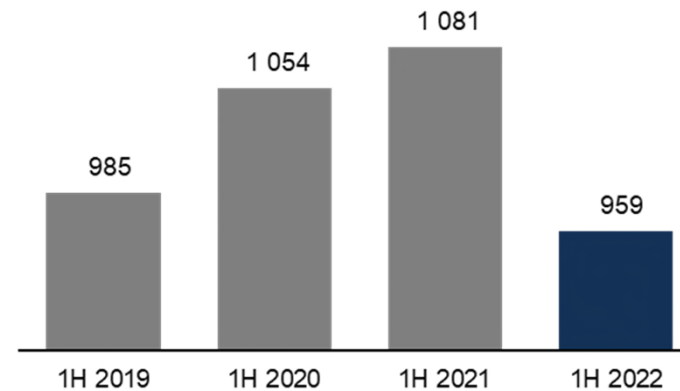
Key Facts (2/2)

2022 1H HSBC Continental Europe adjusted results

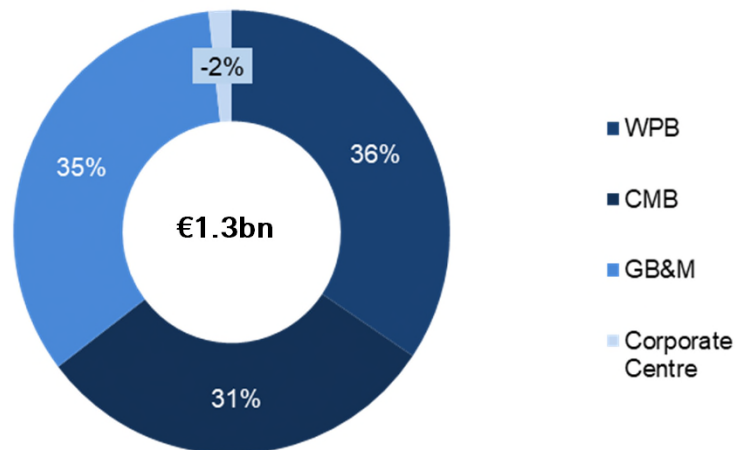
Adjusted Revenue, €mn



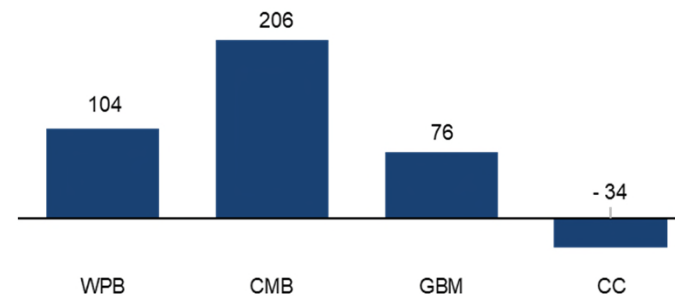
Adjusted operating expenses, €mn



1H 2022 adjusted revenue by global business, %



1H 2022 adjusted PBT distribution, €mn



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

HSBC SFH (France)



HSBC SFH (France) Covered Bond Programme

A French programme with strong structural features aligned with recent regulations & directives

HSBC SFH (France) Key Terms	
Issuer	HSBC SFH (France) a French <i>Société de Financement à l'Habitat</i>
Programme Size	EUR 8bn
Currency	EUR and other major currencies
Collateral	Portfolio of mortgage loans to French obligors secured either by a guarantee (Crédit Logement guarantee) or by a first ranking mortgage on real estate properties located in Mainland France, all originated by HSBC Continental Europe (rated A+ / A1 / AA- by S&P / Moody's / Fitch) with 100% income verification and focus on affluent and high net worth individuals
Governing Law	French law
External Ratings	AAA (S&P) and depending on the series Aaa by Moody's
Maturity type	Hard-bullet and soft-bullet with a maximum 12-month extension
Listing	Euronext Paris
Over-collateralisation ('OC')	15.3% as of end June 2022 (vs. 2.5% S&P requirement)
ECBC Label	Member of the European Covered Bond Council and compliant with the covered bond label
Regulatory Treatment	
ECB/ACPR	Jointly regulated by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR)
UCITS	Fully compliant with the UCITS-directive
LCR	Series in EUR eligible to the level 1B LCR HQLA and to the favourable risk-weighting
EU Covered bonds Directive / CRR / CRD IV	European Covered Bond (Premium) Compliance with Art 129.1 CRR: <ul style="list-style-type: none"> - Residential mortgage loans with maximum LTV of 80% - Reporting in line with Art 129.7 CRR - 10% risk weight
Specific Controller	Cover pool compliance monitored by an independent Specific Controller

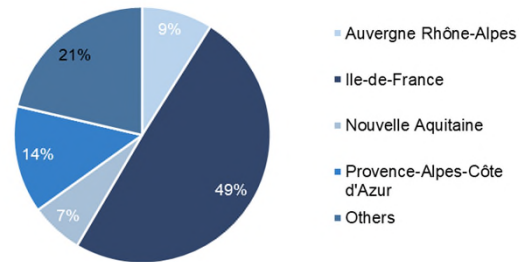
HSBC SFH (France)

Cover Pool – Key features

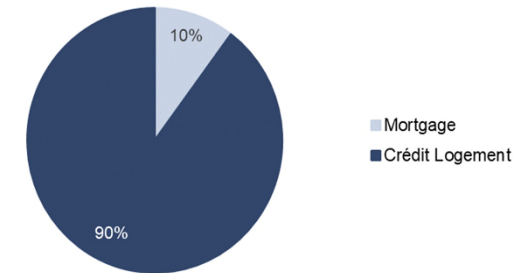
Main cover pool metrics (June. 22)

Pool notional	EUR 4.9bn
Collateral	100% prime home loans
Number of loans	40.7k loans
Average loan balance	EUR 120k
Max loan amount	EUR 1m
WA seasoning	56.64 months
WA remaining term	137.05 months
WA indexed LTV	46.4%

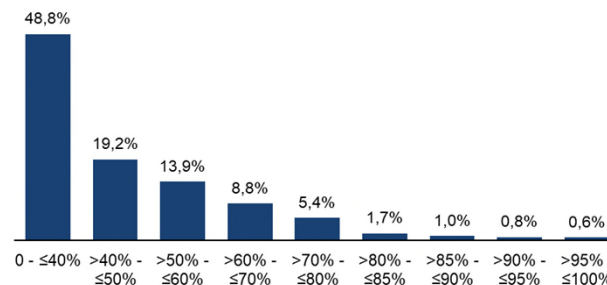
Regional distribution



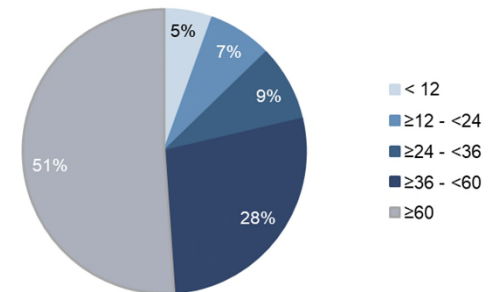
Loan security



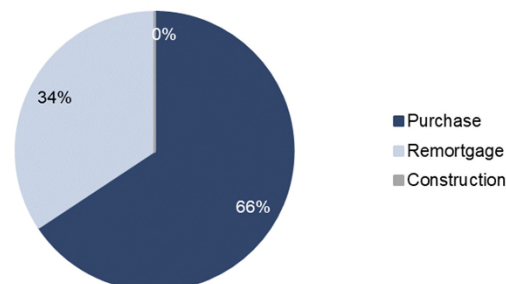
LTV range



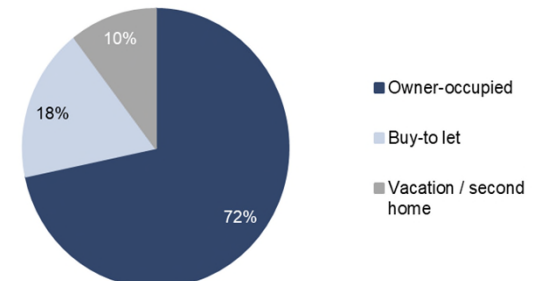
Seasoning








Loan purpose



Occupancy type



French Cover Pool overview

	 HSBC	 BNP PARIBAS	 CRÉDIT AGRICOLE HOME LOAN SFH	 SOCIÉTÉ GÉNÉRALE	 Crédit Mutuel
Cover Pool Amount (EURbn)	4.9	39.4	49,0	53.0	35.0
LTV (non-indexed)	46.4%	58,3%	54,1%	69.0%	62.0%
Average Loan size (EUR)	120,261	118,089	63,466	129,000	103,284
Loan Security	90% guaranteed (Crédit Logement) 10% 1 st lien mortgage	100% Guaranteed	64% 1 st lien mortgage 36% guaranteed	100% Guaranteed	64% 1 st lien mortgage 36% guaranteed
Occupancy Type	72% Owner occupied 18% Buy-to-let 10% Vacation / 2 nd home	79% Owner occupied 15% Buy-to-let 6% Vacation / 2 nd home	81% Owner occupied 16% Buy-to-let 3% Vacation / 2 nd home	79% Owner occupied 17% Buy-to-let 4% Vacation / 2 nd home	74% Owner occupied 23% Buy-to-let 3% Vacation / 2 nd home
Interest Rate Breakdown	100% Fixed rate	97.6% Fixed rate	96.1% Fixed rate	99.2% Fixed rate	98.2% Fixed rate
Arrears	100% Performing	100% Performing	100% Performing	100% Performing	100% Performing
Contractual Cover Pool WAL	57 months	53 months	92 months	70 months	61 months
Available OC	15.3%	3,4%	20.9%	n.a	13.0%

HSBC SFH (France)

Legal features and structure – protecting investors

Dedicated issuing entity with a limited business purpose

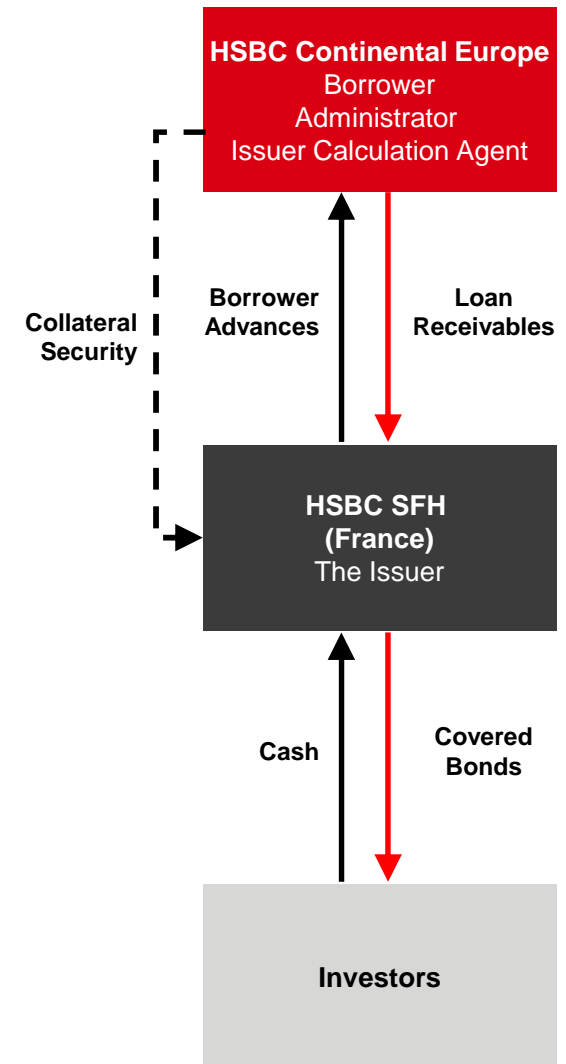
- ◆ Specialised credit institution licensed as a Société de Financement de l'Habitat, with a purpose limited by the law to the sole refinancing of eligible assets originated by the Borrower
- ◆ Regulated by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR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

Specific insolvency regime

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

Transfer of collateral

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



My Money Group



Context

HSBC SFH (France) programme due to be transferred to My Money Group in the context of the acquisition of HSBC's retail banking activities in France (CCF Project)

Context

- Memorandum of Understanding signed on 18 June 2021 between HSBC Continental Europe ("HBCE") and My Money Group ("MMG") regarding the potential acquisition by MMG of HBCE's retail banking business in France which includes HBCE's 100% ownership interest in HSBC SFH (France)
- Framework agreement signed on 25 November 2021 by HBCE and MMG confirming such acquisition (see press release via link below)
<https://www.mymoneybank.com/en/press-release-framework-agreement>
- Acquisition expected to be effective in the second half of 2023

Transfer of HSBC SFH programme

- Approval by HSBC SFH' bondholders of the transfer of HSBC SFH (France) to My Money Group on acquisition date, together with all covered bonds outstanding on acquisition date (expected in H2 2023), following a Consent Solicitation Process completed on 10 December 2021
- The Issuer is expected to become a strategic tool for the funding of the residential real estate business acquired by MMG from HBCE (c. €20bn mortgage book as of YE '20), a core growth pillar of MMG's retail business development
- The Issuer is expected to be a recurring issuer in the covered bonds market from 2022 onwards, with already €1.25bn issued in March 2022 on a 5-year maturity and €0.75bn issued in June 2022 on a 6-year maturity.
- My Money Group is already an established and recognized issuer of covered bonds via MMB SCF (AAA rated programme by S&P), used for funding MMG's mortgage refinancing business:
 - 4 benchmark transactions completed since 2018
 - €4.25bn covered bonds currently outstanding

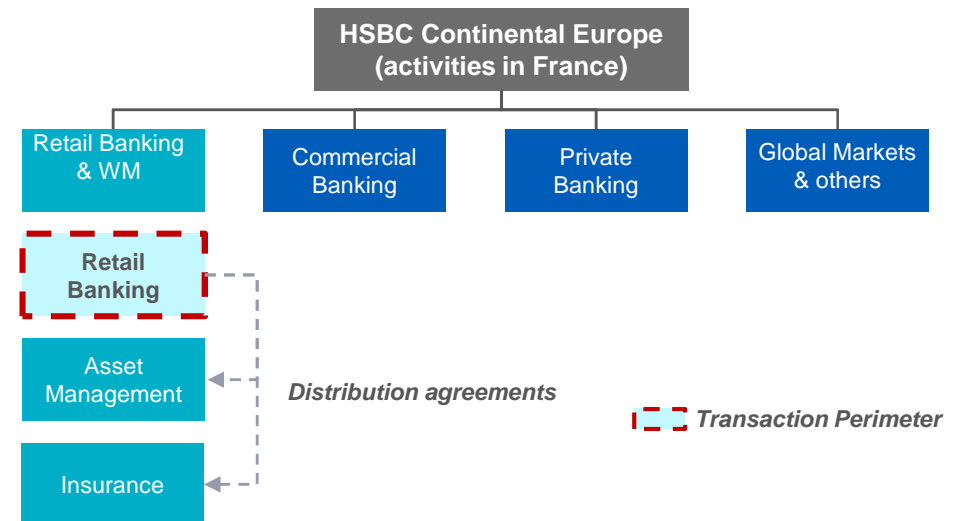
CCF Project Overview

Project of acquisition of HSBC's French retail banking activities by My Money Group

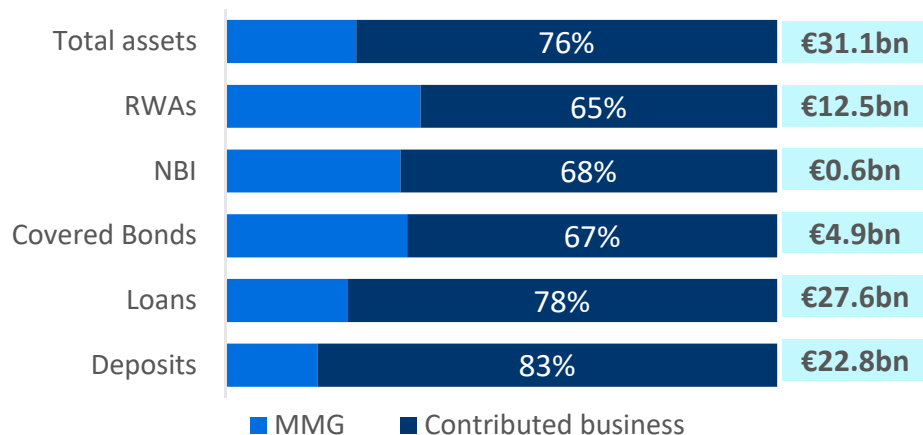
Transaction overview

- Acquisition of HSBC retail banking activities in France, which will be re-established under the well-known Crédit Commercial de France (CCF) brand
- Asset contribution deal, expected to close in H2 2023
- In-scope: retail banking activities in France
 - Customer loans (c. €21bn, mostly retail) & deposits (c. €19bn)
 - ~€25bn AuM in Asset Management & Insurance
 - 244 branches, c.800,000 clients & c.3,900 staff (mostly client-facing)
 - HSBC SFH (France), an issuer of covered bonds dedicated to the refinancing of home loans**
- A premier banking partner (Arkéa) to host operations onto their platform
- Combined CET1 ratio at closing expected to be at least 15%
- As of Dec-20, €23.7 bn of total assets to be acquired and c.1.2% NPL ratio
- Our shareholder is engaged in supporting the success of the transaction

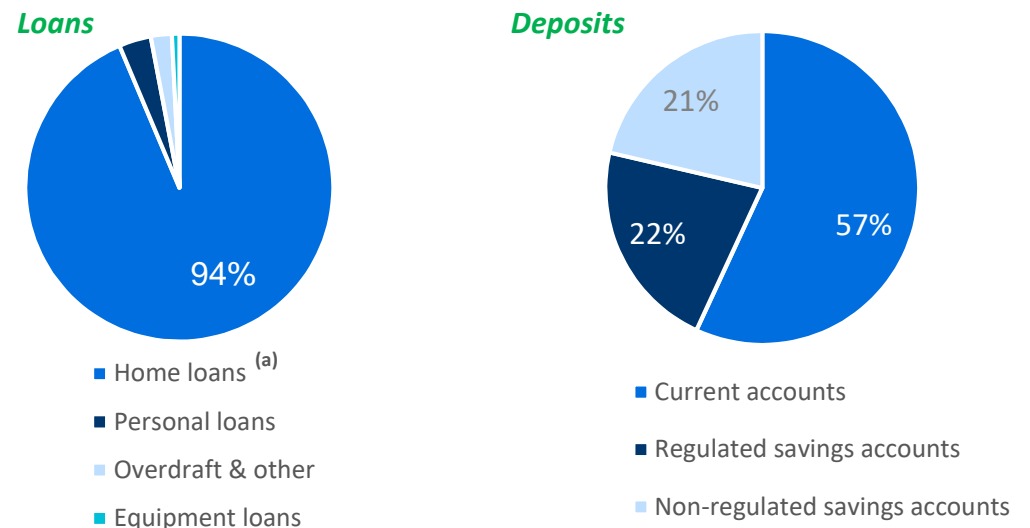
Transaction perimeter



Illustrative side-by-side contribution as of Dec-20



Composition of loans and deposits in-scope as of Dec-20



(a) 86% of home loans are guaranteed, the remaining balance are backed by a first lien mortgage.

CCF Project Rationale

Building on HSBC's French network historical strengths and on synergies with MMG to roll out an innovative and profitable retail banking model

1

Capitalize on HSBC/CCF historical strengths to build a challenger bank dedicated to premium customers

- Develop a challenger & wealth management bank focused on high-end customers, capitalizing on the unique premium positioning of HSBC's network in the French retail banking market
- Revive the CCF brand, a traditional player (founded in 1917) in the French market that represents excellence in service & wealth management
- Maintain HSBC/CCF's recognized expertise in risk management, preserving strong asset quality & high proportion of secured portfolios with low RWA density

2

Remain at the forefront of innovation and digitalization to optimize customer service

- Develop a tailored products and service offering, adapted to French market specificities and high-end customers' needs and expectations
- Continue the transformation initiated by HSBC to create an omnichannel distribution model, providing a modern & efficient online banking platform enabling clients to manage efficiently their day-to-day operations while reducing operational costs
- Offer premium customer service, with branch advisers focusing on their role of providing support and financial advice with high added value to increase revenues

3

Build on synergies with My Money Group and leverage on Shareholder's expertise to optimize profitability

- Improve overall business profitability and reduce operational costs (Cost to Income ratio), leveraging on My Money Group's existing resources and central functions (Treasury, Accounting, Regulatory, Legal, etc.) to absorb Group balance sheet's growth
- Capitalize on Cerberus deep expertise in integrating & streamlining operations and businesses in the European banking sector
- Cross-sell products throughout an extended network and prime customer base to diversify products offer (specialty finance, asset management, etc.)

4

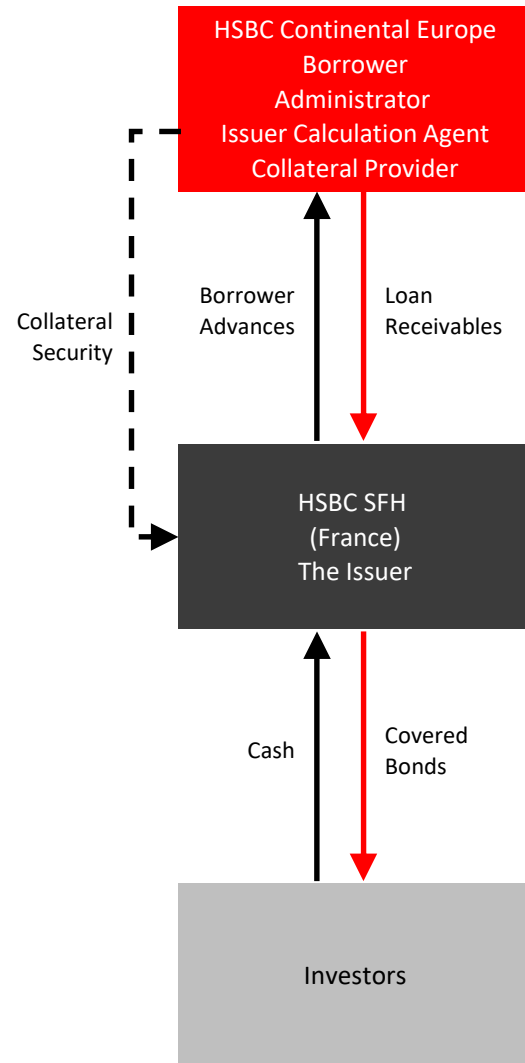
Leverage on strategic partnership with Arkéa Banking Services to ensure seamless migration and optimize cost base

- Ensure a smooth migration of business and operations from HSBC to My Money Group, leveraging on Arkéa Banking Service ("ABS") banking platform and its proven track-record hosting physical retail banking or full digital banks in the French market
- Reduce operational costs thanks to strategic partnership with ABS, enabling to access a robust IT infrastructure and leveraging scale

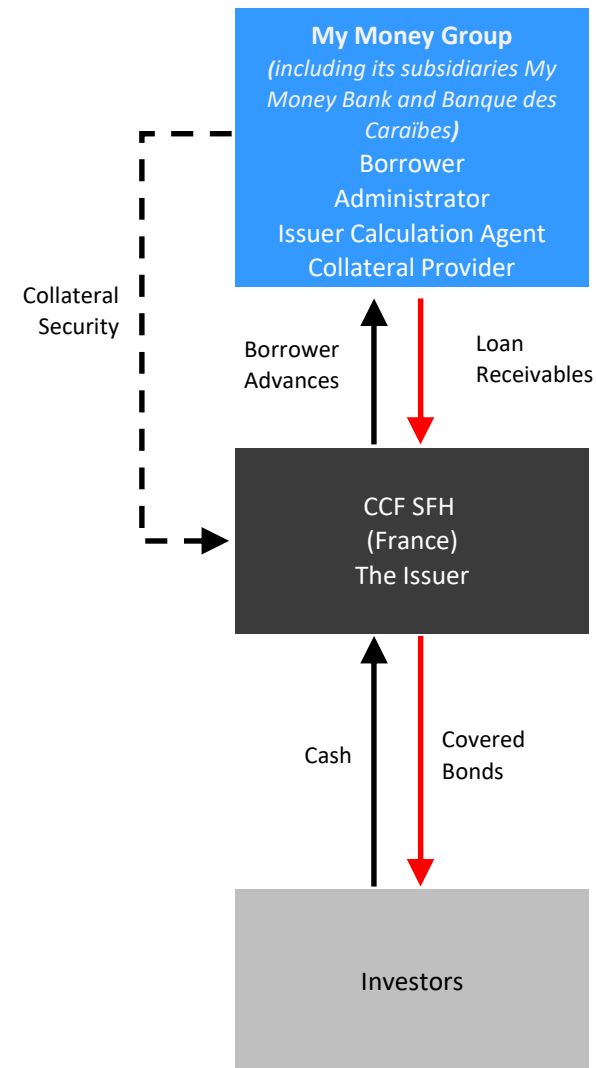
HSBC SFH (France) programme structure post acquisition by My Money Group

Simplified Programme Structure – Before/After the transfer to My Money Group




Current Programme Structure (simplified)



Indicative programme structure after the Transfer



My Money Group at a Glance

- **Independent bank** operating in mainland France and French overseas territories (DOMs)
- **Longstanding specialist bank** established on solid fundamentals with high solvency, stable & diversified funding structure, and strong risk profile
- **2 segments:**
 - 1 Specialty finance**
 - Refinancing loans and Professional mortgages 
 - Auto and Consumer Financing (DOMs) 
 - 2 Retail banking**
 - Retail bank 
 - CCF Project: acquisition of HSBC's French retail banking activities
- **Leading player in refinancing mortgages in mainland France with a c.35% market share and auto financing in French overseas territories with c.20% market share**

Total Capital
YE 2021

€979m

Total Capital Ratio
YE 2021

19.9%

Net Receivables
YE 2021

€6.6bn

CET1 Ratio
YE 2021

15.6%

NBI
FY 2021

€191m

Liquidity Coverage Ratio
YE 2021




442%

Cost of Risk
FY 2021

3bps

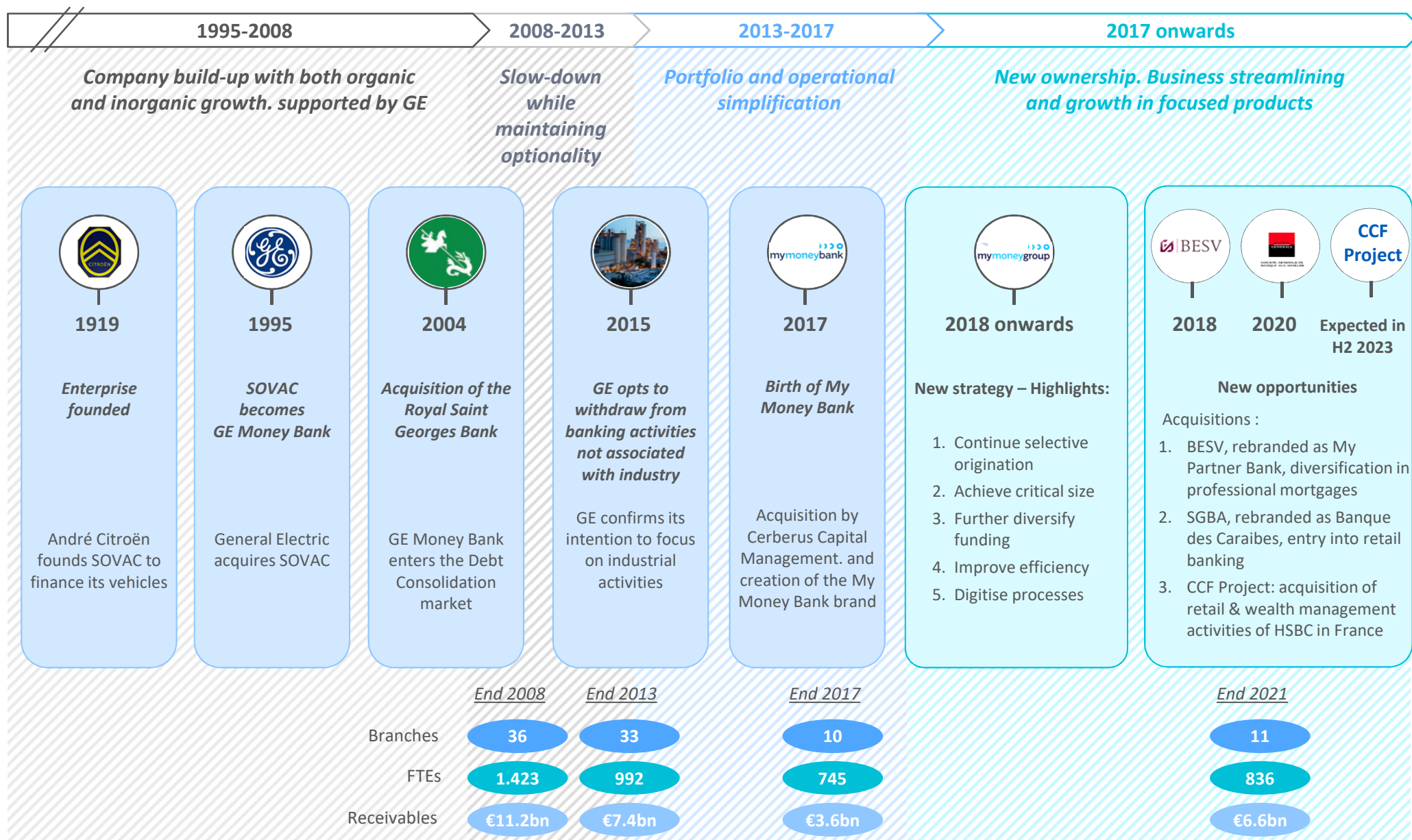
Net Stable Funding Ratio
YE 2021

123%

 Balance sheet items
 Income statement items
 Regulatory ratios

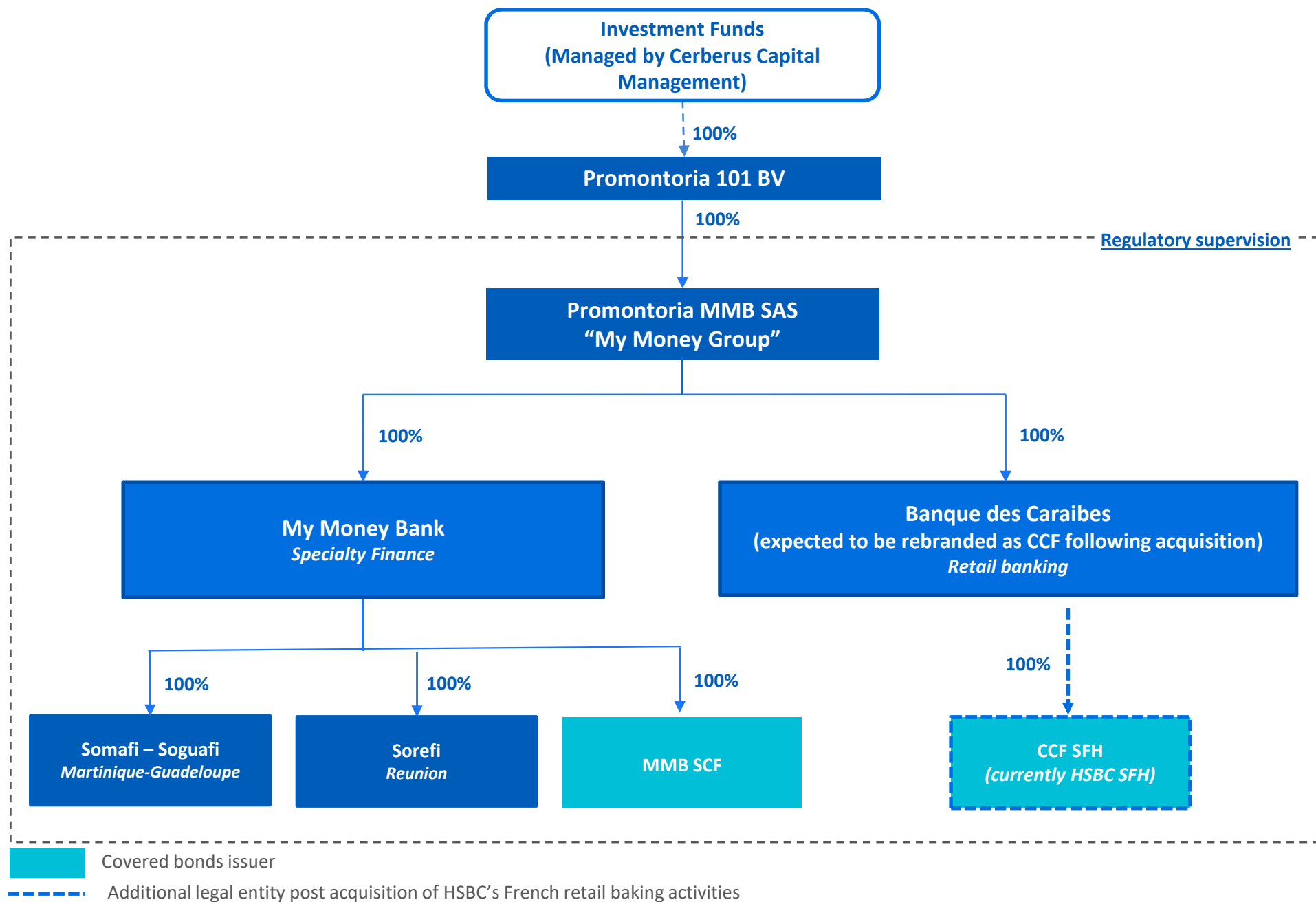
Background and Strategy

Longstanding specialist bank established on solid foundations and engaged in strategic acquisition to gain scale and develop an innovative retail banking model



Company Structure Overview (current & projected)

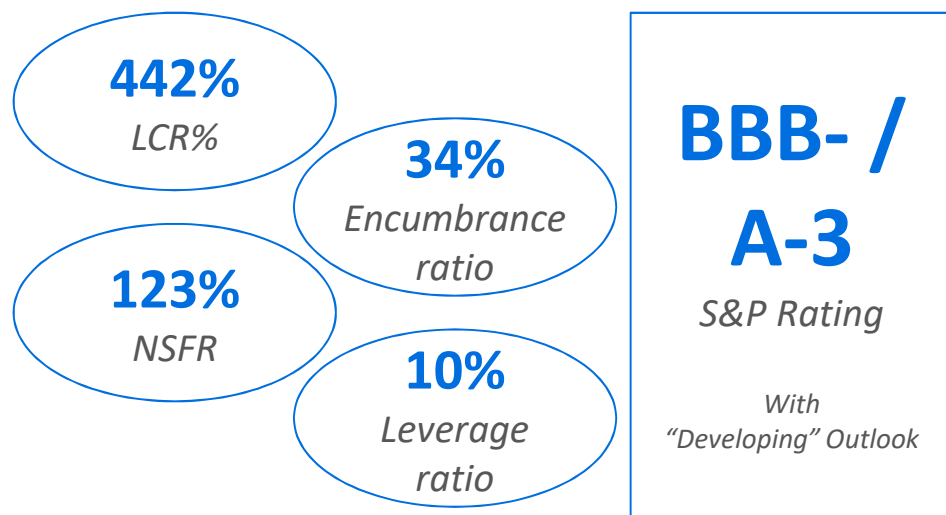
Consolidated regulatory supervision at French holding level



MMG's Balance Sheet Strengths

Very well capitalised balance sheet with a strong liquidity position and a diversified funding base

Strong balance sheet with ample liquidity

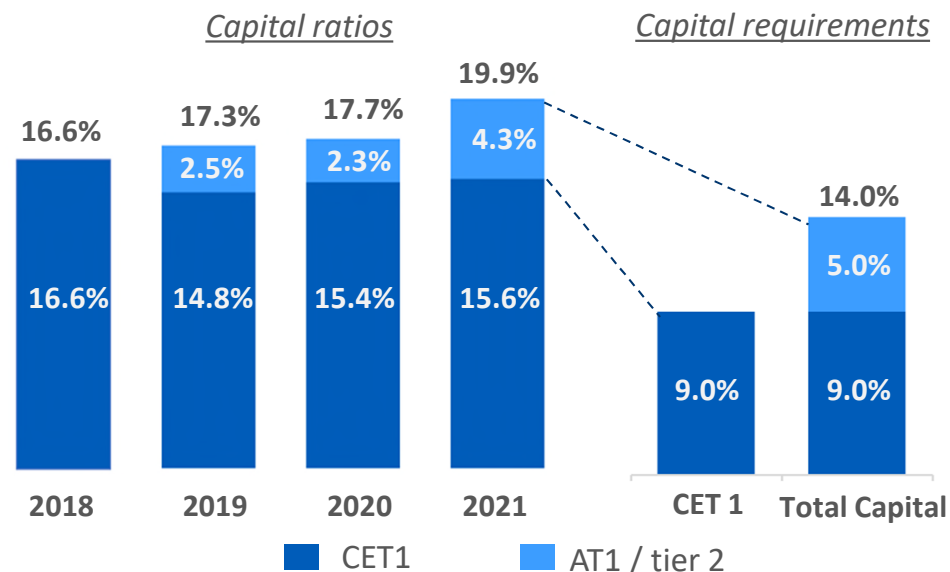


Diversified funding mix...

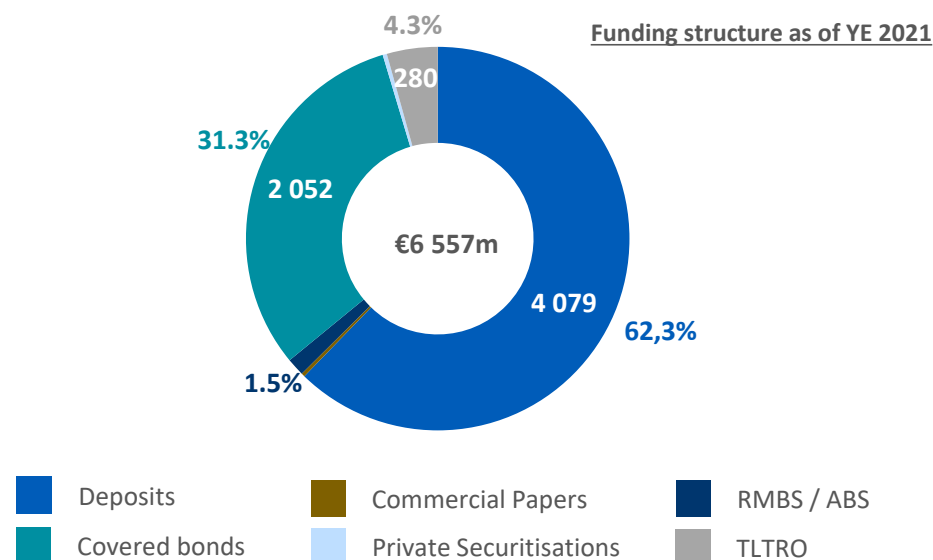
- ✓ Independent funding structure
- ✓ Track record of wholesale funding access
4 public covered bond issuances since 2018 via MMB SCF
- ✓ Lengthened funding's WAL
through covered bonds issuances
- ✓ Growing deposits base of €4.1bn (x4 since YE '17)
as at year-end 2021

Note: Figures as of year-end 2021.

... with strong solvency



... based on stable deposits and recurring covered bonds issuances



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