Update to the Registration Document

filed with the *Autorité des marchés financiers*
on 2 March 2015 under reference number D.15-0095

and Interim Financial Report

Update filed with the *Autorité des marchés financiers*
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This is a free translation into English of the original Update to the Registration Document and Interim Financial Report issued in French and provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This document was filed with the *Autorité des marchés financiers* (AMF) on 5 August 2015 in accordance with Article 212-13 of the AMF's General Regulation. It updates the Registration Document (Annual Report and Accounts) filed with the AMF on 2 March 2015 under reference number D.15-0095. It may be used in support of a financial transaction when supplemented by a transaction note that has received approval from the AMF. This document has been prepared by the issuer and is binding on its signatories.

Condensed consolidated financial statements at 30 June 2015

Business performance

Economic climate

World growth slowed down during the first half of 2015, particularly due to the weakness of activity in the emerging countries (China, Brazil and Russia). After a disappointing start of the year, growth in the US is expected to accelerate and push up global growth.

In the euro zone, GDP growth remained modest in early 2015 driven by the recovery in household consumption. The decline in oil prices has given purchasing power to European as well as US households. Moreover the European Central Bank has managed to support credit through unconventional measures, which should support growth in the euro area in the second half of 2015. Interest rates remained very low with negative rates on short maturities and long-term rates rose slightly over the period but have declined significantly in the first quarter to record lows. The financial situation of Greece at the end of June 2015 and the difficulty of the negotiations between this country and the other European states fuelled the wait within a rather volatile market. Equity markets, which had seen a significant increase in the first five months, are trending down since late May.

After three lacklustre years, France recorded moderate growth supported by falling oil prices and a weak euro in the foreign exchange markets. However, unemployment remained at a high despite strong government measures to support employment. The outlook for the second half looks good, with continued and perhaps even stronger growth in France and the euro zone, driven by consumption and business investment.

Financial commentary (legal perimeter)

Financial statements, subject to hereafter comments have been produced on the HSBC France's consolidated scope, accounts of which are prepared in accordance with IFRS as defined in Note 1 (CF page 24) to the condensed consolidated financial statements;

Income statement

(in millions EUR)	**At 30 June 2015**	At 30 June 2014
Net interest income	782	788
Net fee income	343	345
Net Trading income	179	(6)
Net income from financial instruments designated at fair value	347	214
Gains less losses from financial investments	23	45
Dividend income	1	3
Net earned insurance premiums	1,073	964
Other operating income	149	(34)
Total operating income	**2,897**	**2,319**
Net insurance claims incurred and movement in liabilities to policyholders	(1,531)	(1,258)
Total operating income before loan impairment (charges)/releases and other credit risk provisions	**1,366**	**1,061**
Loan impairment charges and other credit risk provisions	(52)	(78)
Net operating income	**1,314**	**983**
Total operating expenses	(834)	(801)
Operating profit	480	182
Profit before tax	**480**	**182**
Tax expense	(180)	(50)
Profit for the period	**300**	**132**
Profit attributable to shareholders of the parent company	299	131
Profit attributable to non-controlling interests	1	1

Net interest income amounted to EUR 782 million at end-June 2015 compared with EUR 788 million in the first half of the previous year. In an environment of very low interest rates, interest income on deposits continued to fall partly offset by a positive volume effect in retail banking. Lending activities increase in volumes in all business lines with an improved interest income in housing loans.

Management report on the first half of 2015 (continued)

Net fee income was EUR 343 million at end-June 2015, compared with EUR 345 million in the first half of the previous year, driven mainly by a good performance from Asset Management and Private Banking, coupled with growth at Commercial Banking due to a larger number of transactions with corporate clients. These positives factors were offset at GMB by a decrease in payment and financing fees received by Global Banking.

Net trading income rose from EUR -6 million in the first half of 2014 to EUR 179 million, driven by:

- volatile accounting items including significant items:
  - change in the fair value of own debt due to credit spread: EUR 7 million compared with EUR -30 million the previous year;
  - change in fair value of non-qualifying hedges, amounting to EUR 29 million compared with EUR -92 million at end-June 2014;
  - change in DVA of EUR 10 million during the period compared with EUR -15 million the previous year;
- Global Rates' trading revenue adversely impacted by markets conditions;
- the increase in market value of financial instruments held by the insurance company to back annuity commitments.

Income from financial instruments under Fair Value Option amounted to EUR 347 million compared with EUR 214 million the previous year. This change is mainly due to an increase in the market value of assets held partly in unit-linked life insurance contracts, offset by an equivalent movement in the liability to policyholders (see below).

Premiums earned amounted to EUR 1,073 million during the first half, compared with EUR 964 million in the same period of the previous year. This growth reflects strong momentum in life insurance origination.

Other operating income came to EUR 149 million compared with EUR -34 million the previous year, reflecting the change in insurance contracts PVIF[1] (EUR 141 million in the first half of 2015 and EUR -40 million in 2014).

Commitments net of claims and the change in liability to policyholders amounted to EUR -1,531 million in the first half of 2015 compared with EUR -1,257 million in the same period of the previous year. The change is to be considered with respect to an increase in the value of hedges accounted for in the trading book and in gains on fair-valued financial instruments.

Net operating income before loan impairment charges and other credit risk provisions represents EUR 1,366 million for the first half of 2015 compared with EUR 1,061 million for the same period of the previous year and to EUR 1,320 million compared with EUR 1,199 million on an 'adjusted' basis, i.e. excluding significant items. The EUR 121 million increase reflects the positive trend in insurance company results driven by the change in PVIF, as well as broadly stable revenues in a climate of fragile recovery, affected by continued record low interest rates.

Loan impairment charges and other credit risk provisions came to EUR 52 million, a significant decrease from EUR 78 million the previous year. This is mainly due to the absence of impairment charges in 2015 in Global Banking - instead, a net individual provision release of EUR 2.1 million - , where EUR 20.4 million in individual provisions had been recorded in the first half of 2014. As a result, the overall cost of risk went down to 0.27 per cent of the average customer loan book compared with 0.42 per cent in the first half of 2014.

Operating expenses were EUR 834 million compared with EUR 801 million in the first half of 2014. The increase was mainly due to new levies and taxes (Single Resolution Fund and ECB supervision costs) coupled with the impact of applying IFRIC 21 on levies, which were previously spread across the year. Other expenses remained broadly stable despite the decline of the euro weighing on expenses denominated in foreign currencies. Productivity gains enabled HSBC France to continue investing in regulatory compliance and financial crime compliance, while supporting expansion in its businesses.

Profit before tax amounted to EUR 480 million in the first half of 2015 compared with EUR 182 million in the same period of the previous year and to EUR 434 million compared with EUR 323 million on an adjusted basis, i.e. excluding significant items. The increase was mainly due to a rise in insurance company results driven by the positive change in PVIF, coupled with an improved operating performance by the various business lines.

Net profit attributable to the shareholders of the parent company was EUR 299 million as at 30 June 2015, compared with EUR 132 million in the same period of the previous year.

[1] *Present Value of In Force*

Management report on the first half of 2015 (continued)

Balance sheet

(in millions EUR)

ASSETS	**At 30 June 2015**	At 31 Dec 2014
Cash and balances at central banks	2,620	523
Items in the course of collection from other banks	295	367
Trading assets	32,823	38,720
Financial assets designated at fair value	6,972	6,156
Derivatives	55,491	70,567
Loans and advances to banks	4,847	6,022
Loans and advances to customers	37,432	36,240
Reverse repurchase agreements – non-trading	13,721	14,796
Financial investments	26,991	24,672
Other assets	253	283
Current tax assets[1]	42	99
Prepayments and accrued income	887	1,021
Interests in associates and joint ventures	1	1
Goodwill and intangible assets	851	709
Property, plant and equipment	696	706
Deferred tax assets[2]	316	136
TOTAL ASSETS	**184,238**	201,018

LIABILITIES AND EQUITY	**At 30 June 2015**	At 31 Dec 2014
Deposits by banks	8,381	7,021
Customer accounts	31,971	33,635
Repurchase agreements – non-trading	15,306	15,938
Items in the course of transmission to other banks	337	368
Trading liabilities	27,289	29,407
Financial liabilities designated at fair value	8,154	6,911
Derivatives	52,576	69,583
Debt securities in issue	10,691	9,237
Other liabilities	1,154	989
Current tax liabilities[2]	37	24
Liabilities under insurance contracts issued	20,985	20,803
Accruals and deferred income	698	714
Provisions	133	147
Deferred tax liabilities[2]	213	3
Retirement benefit liabilities	159	158
Subordinated liabilities	276	276
TOTAL LIABILITIES	**178,360**	195,215
TOTAL EQUITY	5,878	5,803
TOTAL EQUITYAND LIABILITIES	**184,238**	201,018

Total assets at 30 June 2015 were down significantly to EUR 184 billion compared with EUR 201 billion at 31 December 2014.

On the assets side:

– Central bank deposits increased to EUR2.6 billion linked with the bank's liquidity management;
– trading assets stood at EUR 32.8 billion compared with EUR 38.7 billion at end-2014, mainly due to a decrease in long positions in core euro zone sovereigns;
– financial assets designated at fair at EUR 7.0 billion increased by EUR 0.9 billion compared with end-2014. These assets, which mainly comprise assets held by customers on unit-linked life insurance contracts, were lifted by strong business origination and a positive market effect in the first half;

[1] Offsetting methodology used with respect to current and deferred tax has been reviewed as of June 2015. Implementation of the new rules based on the 31 December 2014 figures shows a non-significant impact and figures have not been restated.

Management report on the first half of 2015 (continued)

- derivative instruments decreased from EUR 70.6 billion at end-2014 to EUR 55.5 billion at end-June 2015, mainly due to the decrease in value of fixed-income instruments following the rise in interest rates during the period, coupled with a decrease in the number of deals;
- loans and advances to banks decreased to EUR 4.8 billion by EUR 1.2 billion from end-2014;
- loans and advances to customers stood at EUR 37.4 billion compared with EUR 36.2 billion at end-2014. The increase was driven by growth in the loan book in all banking businesses;
- available-for-sale financial assets amounted to EUR 26.9 billion compared with EUR 24.7 billion at end-2014. The increase was driven by investments made during the period in liquid securities under the bank's liquidity management policy;
- non-trading reverse repos decreased during the period from EUR 14.8 billion to EUR 13.7 billion, mainly due to a decrease in the volume of deals linked with the trading portfolio trend.

On the liabilities side:

- bank deposits rose from EUR 7.0 billion at end-2014 to EUR 8.4 billion at end-June 2015. The increase was driven mainly by additional EUR 1.4 billion TLTRO drawdowns;
- customer accounts decreased from EUR 33.6 billion to EUR 32.0 billion during the semester, reflecting a significant decrease at Global Banking only partly offset by an increase at Retail and Commercial Banking;
- the trading book decreased by EUR 2 billion to EUR 27.4 billion, mainly due to a decrease in short euro bonds positions;
- financial liabilities designated at fair value increased to EUR 8.2 billion compared with EUR 6.9 billion at end-2014. The increase was due to the EUR 1 billion secured senior debt issue made in March 2015;
- derivative instruments decreased from EUR 69.6 billion at end-2014 to EUR 52.6 billion at end-June 2015, mainly due to the decrease in value of fixed-income instruments following the rise in interest rates during the period, coupled with a decrease in the number of deals;
- debt securities in issue amounted to EUR 10.7 billion compared with EUR 9.2 billion at end-2014. The increase was mainly due to a rise in certificates of deposit issued linked with the bank's liquidity management offset by a fall in institutional clients' demand;
- insurance contract liabilities increased from EUR 20.8 billion to EUR 21.0 billion reflecting positive net new money in life insurance business, mainly on unit linked life insurance contracts as well as a positive market effect during the first half of 2015 on unit linked products and deferred discretionary participation features 'DPF';
- non-trading repos decreased during the period from EUR 15.9 billion to EUR 15.3 billion, mainly due to a decrease in the volume of deals linked with the trading portfolio trend;
- total equity slightly rose over the period to EUR 5.9 billion.

Management report on the first half of 2015 (continued)

Risk management

All the HSBC France group's activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks.

The most important types of risk arising from financial instruments are credit risk (which includes country and cross-border risk), market risk and liquidity and funding risk. The risk factors are discussed in the Annual Report and Accounts 2014 on pages 81 to 109 and 193 to 217. No major change in the coming six months is anticipated to date.

Areas of special interest

During the first half of 2015, the key risk drivers for Credit and Market Risk Management can be summarised as follows:

– since the second half of May, uncertainty around the resolution of the Greece situation prevailed in the markets and has globally increased the level of volatility across all asset classes. In order to cater for unpredictable developments of the situation, HSBC France has significantly reduced both the exposure and the sensitivity of its trading portfolio, especially the exposure to sovereign peripheral Eurozone countries (direct exposure to Greece was nil). In its banking book, HSBC France's direct exposure to Greece – aside from guarantees issued on behalf of the Greek branch of HSBC Bank plc – amounted to less than EUR 120 million as at end-June 2015 and less than EUR 15 million early July. This exposure consists of confirmation of letters of credit issued by Greek banks secured by a cash deposit held in HSBC France;

– in a context of renewed market volatility, institutional investors have been rather active, supporting Global Markets activities, however the liquidity of the secondary market significantly decreased. Therefore asset managers (of which HSBC Global Asset Management (France)) have increased the cash portion in their funds, within the limits granted by their investment strategy;

– the activity on bond and equity markets noticed from the second half of 2014 remained buoyant from the second half of 2014 until April 2015 but suffered thereafter from the Greek crisis;

– the timid upturn in GDP growth in France in Q1 2015 started to translate into reducing default rates in HSBC France's SME portfolio during the course of Q2 2015. However, the risk of a global economic slowdown potentially triggered by a 'hard landing' of the Chinese economy could make it a short-lived recovery;

– the low interest rates environment kept on posing a challenge to all Businesses, especially RBWM and CMB, where net interest from deposits used to be a material component of income generation. This was however partly offset by a vigorous commercial activity and loans margin in line with expectations, despite increasing competition from other banks.

The past practices of a member of the HSBC group which is not a subsidiary of HSBC France, HSBC Private Bank (Suisse) SA, had attracted much media attention. HSBC Private Bank (Suisse) SA and HSBC Holdings plc were formally placed under criminal investigation by magistrates in France in November 2014 and April 2015 respectively.
The HSBC Group has expressed its sincerest apologies for the past practices of its Swiss Private Bank subsidiary and has evidenced the radical transformation that such entity has undertaken since 2011 in order to prevent those similar facts could occur again.

Credit Risk

This risk is presented in Note 9 (CF page 42) to the consolidated financial statements.

Market risk

The objective of the Group's market risk monitoring is to manage and control market risk exposures in order to optimise return on risk while maintaining a market profile consistent with its status as a major provider of financial products and services.

Market risk assessment tools

Assessment tools are described in the 2014 Annual Report and Accounts in pages 206 to 211.

Management report on the first half of 2015 (continued)

Value at Risk

The one-day VaR on market exposures used in the computation of local capital requirement amounted to:

(in millions of euros)	*One-day VaR without Add-On perimeter*
At 30 June 2015	**7.21**
At 31 December 2014	3.48

(in millions of euros)	*One-day VaR without Add-On perimeter*		
	Average	*Minimum*	*Maximum*
Semester at 30 June 2015	**5.69**	**2.90**	**16.52**
Year 2014	7.68	2.78	13.25

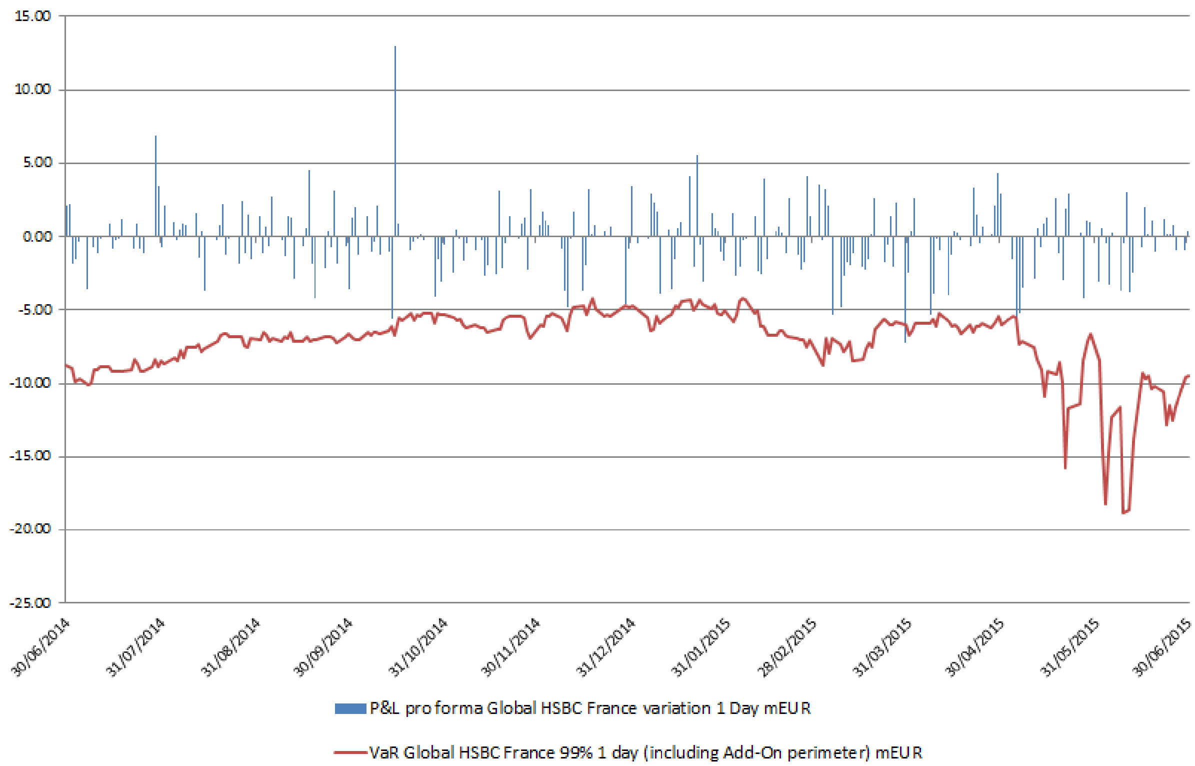
HSBC France VaR has been fluctuating between EUR 5 million and EUR 10 million during the first four months of the year. The sharp rise in volatility and level of treasury yields, starting in May has led to a substantial increase of the level of VaR for HSBC France. A gradual reduction of the risks in the books, in a context of uncertainty around Greece and Eurozone in general, has reduced the level back to circa EUR 7 million.

The one-day equivalent stressed VaR amounted to:

(in millions of euros)	*One-day equivalent stressed VaR*
At 30 June 2015	**13.47**
At 31 December 2014	**4.53**

(in millions of euros)	*One-day equivalent stressed VaR*		
	Average	*Minimum*	*Maximum*
Semester at 30 June 2015	**10.27**	**2.60**	**25.46**
Year 2014	11.71	4.53	19.45

***Pro forma* backtesting July 2014 – June 2015**
(in millions of euros)



Management report on the first half of 2015 (continued)

Two overshootings of back-testing have been recorded since the beginning of the year 2015. The first one is related to a very large move of the euro implied volatility market and the second is linked to an increased volatility in the euro sovereign debt market.

Total trading VaR by risk type

(in millions of euros)	*Foreign Exchange*	*Interest Rate*	*Equity*	*Credit Spread*	*Portfolio diversifi-cation*	*Total*
Semester at 30 June 2015	**0.01**	**7.10**	**–**	**2.84**	**(2.24)**	**7.72**
Average	**0.02**	**5.74**	**–**	**2.12**	**(1.60)**	**6.27**
Maximum	**0.08**	**16.71**	**–**	**3.88**	**(4.28)**	**20.11**
Year 2014	0.02	3.72	–	1.59	(1.49)	3.84
Average	0.02	7.72	–	3.42	(2.38)	8.77
Maximum	0.04	15.14	–	6.91	(5.91)	15.64

Total accrual VaR by risk type

(in millions of euros)	*Foreign Exchange*	*Interest Rate*	*Equity*	*Credit Spread*	*Portfolio diversifi-cation*	*Total*
Semester at 30 June 2015	**–**	**6.42**	**–**	**5.67**	**(4.94)**	**7.15**
Average	**–**	**3.45**	**–**	**3.79**	**(2.48)**	**4.74**
Maximum	**–**	**8.41**	**–**	**8.59**	**(6.22)**	**10.02**
Year 2014	–	3.12	–	1.71	(2.20)	2.64
Average	–	4.04	–	5.60	(2.99)	6.64
Maximum	–	6.55	–	10.52	(4.98)	12.48

Sensitivity analysis

As of 30 June 2015, HSBC France Global Markets was mainly exposed to interest rate curve and spread risks (*i.e.* relative difference) coming from the swap and reference bond curves, denominated in euros, whether these notes are from sovereign Eurozone government, supranational issuers, government agencies or issuers of covered bonds. In a context of greater uncertainty around Greece and more generally the Eurozone, exposures on trading books have been gradually reduced during the semester, on euro sovereign issuers, and in particular euro peripherals, which have remained closely monitored.

HSBC France Global Markets is also subject to sensitivities in terms of interest rate volatility and interest rate correlation, primarily in relation to EUR and USD.

All of these sensitivities are assessed and measured on a daily basis using standard conventional methods as used by the industry.

An aggregate representation is given by HSBC France Global Markets' one-day 99 per cent VaR, which amounted to EUR (7.21) million as at 30 June 2015.

In addition to its trading activities, HSBC France has developed since 2011 a non-trading accrual portfolio. Bonds held in this portfolio are hedged using swaps so as to reduce their exposure to interest rate moves. In addition, holdings are in high quality sovereign and quasi sovereign Eurozone issuers. No new transaction has been recorded in this portfolio during the semester.

Liquidity and funding risk

The liquidity and funding management slightly evolved compared with those described in the Annual Report and Accounts 2014 detailed in pages 90 to 95 incorporating an internal limit on the future Basel Liquidity Coverage Ratio (LCR) based on a 30 days liquidity stress.

Medium and long term debt

The medium and long term debt (debt with maturity of more than 1 year at issuance) amounts for EUR 15.8 billion as of 30 June 2015, an increase of EUR 2.8 billion compared to 31 December 2014.

Variances are mainly explained by:

– a EUR 1.0 billion covered bonds issuance (*obligations de financement de l'habitat*) in March 2015;

Management report on the first half of 2015 (continued)

– TLTRO drawdowns in March and June for a global amount of EUR 1.4 billion;
– other non-significant issuances or reimbursements (less than EUR 150 million tickets) have been made in the first half of 2015 for a net impact of EUR +0.3 billion, remaining variance is due to FX effects..

Liquidity ratios

The liquidity ratio remained high at 138 per cent, above the minimum required by French regulations. The ACF (Advances to Core Funding) ratio – an internal indicator used by the HSBC Group, which compares customer loans with stable deposits and funding with a maturity of more than 1 year – was 104 per cent, demonstrating HSBC France's solid liquidity position.

Regulation and supervision

Since January 2014, the regulation evolved following the implementation of CRDIV. Regulatory capital and risk weighted assets as of 30 June 2015 are calculated and presented following EBA rules. They take into account national options published by ACPR, related to integration of non-controlling interests phase-in and Available For Sale (AFS) unrealised gains into the regulatory capital. This new norm changes risk weighted assets' calculation, especially concerning clearing houses' risk weighted assets calculation and introducing new requirements for credit valuation adjustment (CVA) on financial institutions.

Since November 2014 and the implementation of the Single Supervision Mechanism, HSBC France is under the supervision of both the European Central Bank and *Autorité de Contrôle Prudentile et de Réolution*. Under CRDIV, banks are entitled to respect the following minimum ratios: 4.5% of risk weighted assets as for CET1, 6% of risk weighted assets as for Tier 1, 8% of risk weighted assets as for total capital.

HSBC in France do not disclose its financials under pillar 3. Nevertheless, these elements are available in HSBC Holdings disclosures in the Investors Relations section.

Regulatory capital

(millions of euros)	**30 June 2015**	**31 December 2014**
Commen Equity Tier One capital	4,729	4,693
Tier 1 capital	4,729	4,693
Total regulatory capital	**4,729**	**4,693**

Common Equity Tier One capital remained stable during the first half of 2015, at EUR 4,729 million. As in previous years, HSBC France did not pay an interim dividend in respect of the first half of the year.

Risk Weighted Assets

(millions of euros)	**30 June 2015**	**31 December 2014**
Counterparty risk	4,326	5,244
Credit risk	21,082	20,691
of which IRB	*16,013*	*15,494*
of which Standard	*5,069*	*5,197*
Market risk	3,488	3,590
Operational risk	3,789	3,789
Total RWA	**32,685**	**33,314**

In the first six months, regulatory risk-weighted assets decreased by EUR 0.6 billion to EUR 32.7 billion, mainly due to a decrease in counterparty risk linked to changes in the macroeconomic environment. Increase in Credit RWAs is mainly due to an additional requirement in respect of the Basel I floor.

Capital Ratios (%)	**30 June 2015**	**31 December 2014**
CET1	**14,5**	14,1
Total Tier 1	**14,5**	14,1
Total Capital	**14,5**	14,1

Consequently, the Common Equity Tier One (CET 1) ratio displays a 14.5 per cent, well above the regulatory minimum. On a fully loaded Basel III basis, the CET 1 ratio would have been 14.6 per cent.

Management report on the first half of 2015 (continued)

Large exposures

HSBC France group respects the French Regulator (*Autorité de contrôle prudentiel et de résolution*) requirements. A group of connected clients is declared when its "exposure value before application of exemption and Credit risk mitigation is equal or exceeds 10 per cent of the HSBC France eligible capital. As at 30 June 2015, 18 groups are declared.

Ratings

As at 30 June 2015, HSBC France’s ratings are as follows (Long Term senior unsecured / outlook / Short Term):

– Moody's: A2 / stable / P-1;
– FitchRatings: AA- / stable / F1+;
– Standard and Poor's: AA- / stable / A-1+.

For FitchRatings and Standard and Poor's, HSBC France's ratings are aligned with those of HSBC Bank plc, given HSBC France's strategic importance for the HSBC Group. During the first half, both agencies confirmed HSBC Bank plc's ratings. During the period, Moody's lowered their outlook to negative and then put their ratings under review for downgrade and then, downgraded HSBC France's long term unsecured rating due to a change in their rating methodology and the declining likelihood of French government support for banks.

Management report on the first half of 2015 (continued)

Review of performance by global business (managed perimeter)

On the Investor Day held on 9 June 2015, HSBC Group affirmed France to be one of HSBC's priority markets and confirmed the relevance of its strategic positioning in this market and its medium-term growth potential.

The following review covers HSBC's operations in France, including the consolidated results of HSBC France and HSBC Bank plc's Paris branch[1].

Reconciliation table between legal and managed perimeters is presented in Note 4 (Cf. page 29) to the consolidated financial statements.

	Half year to	
	30 June	30 June
(millions of euros)	**2015**	2014
Net operating income before impairments and provisions	**1 451**	1 116
Loan impairment charges and credit risk provisions	**(52)**	(78)
Total operating expenses	**(872)**	(839)
Reported Profit before tax	**527**	199
Adjusted Profit before tax	**481**	340

HSBC's operations in France (managerial scope) reported profit before tax of EUR 527 million compared with EUR 199 million in the first half of 2014. The global businesses delivered a robust, stable performance despite persistently low interest rates and the prevailing wait-and-see climate. The increase was due mainly to the impact of significant items coupled with the change in life insurance PVIF.

	Half year to	
Significant items	**30 June**	30 June
(millions of euros)	**2015**	2014
Revenues		
Impact of credit spread on own debt under Fair Value Option	**7**	(30)
Non Qualifying Hedges relating to housing loans portfolio	**29**	(92)
DVA (Debit Valuation Adjustment)	**10**	(15)
Expenses		
Restructuring costs in respect of the year	**-**	(4)
Total adjustment	**46**	**(141)**

Retail Banking and Wealth Management

Retail Banking and Wealth Management continued its development as part of the Group's strategic focus on the wealth management business. It achieved firm growth in the first half of 2015:

	Half year to	
	30 June	30 June
(millions of euros)	**2015**	2014
Net operating income before impairments and provisions	**664**	370
Loan impairment charges and credit risk provisions	**(9)**	(11)
Total operating expenses	**(397)**	(387)
Reported Profit before tax	**258**	(28)
Adjusted Profit before tax	**229**	68

Consumer lending picked up in the first half of 2015, with total outstanding in the French market up 2.1 per cent[2] year-on-year. The Retail Banking loan book rose by 5 per cent to almost EUR 17.3 billion. In a highly competitive landscape,

[1] *Which houses the equity derivatives business. Results exclude the funding cost related to the CCF acquisition debt.*
[2] *Source: Banque de France*

Management report on the first half of 2015 (continued)

marked by very low interest rates, the first half of 2015 has been subject to a high housing loans origination, coupled with increased volumes of renegotiations and early repayments.

The deposit base rose by 4 per cent to EUR 14.2 billion, in line with the market, driven by strong 13 per cent growth in demand deposits though offset by a slight contraction in savings accounts and other interest-bearing deposits.

New life insurance inflows grew by 11 per cent to more than EUR 1 billion, outperforming the up 6 per cent market. Unit-linked business represented about 24 per cent, contributing to a net inflow of almost EUR 200 million. Total life insurance assets held by the insurance subsidiary HSBC Assurances Vie (France) rose by 4 per cent year-on-year to EUR 19.5 billion. Overall, assets under management and retail customer deposits in the HSBC France network rose by 4 per cent year-on-year to EUR 37.4 billion.

In Asset Management, total assets managed and distributed rose by 6 per cent in the first half to reach EUR 78.8 billion. This performance was driven mainly by EUR 3.2 billion of net inflows of medium- to long-term products offset by EUR 1.3 billion of net outflows of money market products, coupled with buoyant equity prices during the period.
HSBC Global Asset Management won a number of awards during the first half, including:

– Asset manager of the year in the "European Bonds" category[1], best "French large caps" fund over 5 years[2], best "Diversified Fund" over 5 years[3] and a gold award for the "International Bonds Fund" range over 3 years[4].
– SCPI Elysées Pierre also won best REIT over 5 years[5] for the second year running, and best overall performance over 15 years[6].

Retail Banking and Wealth Management delivered net operating income of EUR 664 million compared with EUR 370 million in the first half of 2014. The increase was due to the impact of non-qualifying hedges under IAS 39 rules, the change in market value of which was EUR 29 million compared with EUR -92 million in the first half of 2014. Excluding this impact, net operating income increased by 37 per cent. Net interest income on deposits continued to suffer from downward pressure on medium- to long-term interest rates, despite steady growth in volumes of 4 per cent. Net interest income on lending increased as a result of sustained origination. Taking into account the low level of interest rates, number of renegotiations and early repayments on fixed rates housing loans remain high. Such renegotiations cause a decline in the margins of the relevant portfolios. Net fee income increased by 9 per cent, driven by the asset management business. Net operating income was positively affected by the change in value of life insurance economic PVIF[7], which rose from EUR -28 million in the first half of 2014 to EUR 133 million, driven by changes in market assumptions resulting from a rise in long-term interest rate .

Loan impairment charges and other credit risk provisions were low due to the small number of defaults. The cost of risk amounted to 0.10 per cent of the loan book.

Operating expenses increased to EUR 397 million due to the impact of IFRIC 21.

Profit before tax therefore came to EUR 258 million at end-June 2015 and EUR -28 million. This increase reflects the impact of non-qualifying hedges under IAS 39, growth in results from the life insurance business driven by the positive change in PVIF as well as a good performance in asset management.

Commercial Banking

Commercial Banking provides a broad range of banking and financial services to enable customers to manage and grow their businesses domestically and internationally.

	Half year to	
(millions of euros)	**30 June 2015**	30 June 2014
Net operating income before impairments and provisions	**315**	329
Loan impairment charges and credit risk provisions	**(45)**	(42)
Total operating expenses	**(196)**	(197)
Reported Profit before tax	**74**	90
Adjusted Profit before tax	**74**	90

[1] Morningstar awards 2015
[2] Lipper awards 2014
[3] Corbeilles Mieux Vivre Votre Argent 2014
[4] Trophées Le Revenu 2015
[5] Grand prix des SCPI Mieux Vivre Votre Argent 2014
[6] Jury du magazine Gestion de Fortune
[7] Economic PVIF includes accounting PVIF, fair value of hedging instruments and technical provisions

Management report on the first half of 2015 (continued)

HSBC France continues to support businesses in their development and has increased its loan book by 8 per cent to almost EUR 10.5 billion in a climate of monetary stimulus and a gradual recovery in demand for credit. The deposit base grew significantly by 2 per cent compared with the first half of 2014 to EUR 11.1 billion, driven mainly by strong growth in current accounts, which were up 9 per cent to EUR 9.8 billion, offset by a decrease in interest-bearing accounts.

Commercial Banking took part in several major financial transactions for its largest clients, working with Global Banking and Markets.

CMB continues to develop synergies with the Group. Revenue generated by other HSBC Group entities outside France with French clients rose significantly, while revenue generated in France with clients of other HSBC Group entities accounts for one quarter of all Corporate client revenue. HSBC confirmed its status as a key partner for French companies seeking to set up abroad and for foreign companies seeking to expand in France.

Net operating income decreased by 4 per cent to EUR 315 million, affected by the contraction in net interest income on deposits, which was partly offset by growth in fees on financing transactions.

Loan impairment charges and other credit risk provisions were EUR 45 million in the first half, compared with EUR 42 million in the same period of last year. The loan loss rate remained under control at 0.84 per cent of the loan book.

Operating expenses also remained under control at EUR 196 million, stable over the period despite the impact of IFRIC 21. The cost efficiency ratio stood at 62 per cent.

Profit before tax amounted to EUR 74 million in the first half of 2015, down compared with the same period of 2014.

Global Banking and Markets

As part of the HSBC Group's strategy, France remains a centre of expertise for euro-denominated fixed-income products and structured derivatives. The HSBC Group continues to support large corporate clients in their development in 62 countries.

	Half year to	
	30 June	30 June
(millions of euros)	**2015**	2014
Net operating income before impairments and provisions	**459**	422
Loan impairment charges and credit risk provisions	**2**	(25)
Total operating expenses	**(241)**	(218)
Reported Profit before tax	**220**	179
Adjusted Profit before tax	**210**	194

For Global Markets, despite a slight improvement in the economic situation in Europe – quantitative easing, oil prices and euro/dollar exchange rate – the first half of 2015 was affected by concerns about the peripheral countries and the low, even negative, interest rate environment. Against this background, clients had little appetite for fixed-income products and postponed their investment decisions; this effect being offset by a sustained equity activity. In addition, the tighter regulatory requirements already observed in 2014 prompted banks to reduce their risk appetite and deleverage their balance sheets.

In this environment, HSBC France improved its market position, ranking fifth[1] in the bond market, and maintaining a strong second[2] place in the sovereign debt market.

In France, the economic climate continued to put pressure on business with large corporate clients and volumes were broadly in decline. Against this background, HSBC maintained its position, ranking tenth[3] in the mergers & acquisitions league tables.

HSBC's large international network enabled it to generate 25 per cent more revenue with French clients outside France than with these same clients within France.

The proportion of revenue generated by in France by major clients of other HSBC Group entities rose sharply by 12 per cent in the first five months of 2015 compared with the same period of 2014.

Net operating income for Global Banking and Markets was EUR 459 million compared with EUR 422 million in the first half of 2014. Adjusted net operating income, i.e. excluding the change in DVA, was EUR 449 million in the first half of 2015 compared with EUR 437 million in the same period of 2014. This change also included a EUR 11 million charge related to the Funding Fair Value Adjustment. The decrease in revenue from fixed-income activities, due to low business volumes,

[1] *Source: Dealogic Franee DCM*
[2] *Source: Dealogic Euro SSA in Europe*
[3] *Source: Dealogic France M&A*

Management report on the first half of 2015 (continued)

especially in the structured rates business, is more than offset by a good performance in structured equities and balance sheet management.

Loan impairment charges and other credit risk provisions display a net reversal in the first half of 2015 and compare favourably with 2014, when large impairment charges were recognised.

Operating expenses grew from EUR 218 million in the first half of 2014 to EUR 241 million in 2015. The increase was largely due to the impact of IFRIC 21.

Reported profit before tax was EUR 220 million in the first half of 2015 compared with EUR 179 million in the same period of the previous year. This good performance was driven by the decrease in the cost of risk and a good operating performance in a challenging environment, offset by the emergence of new charges.

Private Banking

The Private Banking business focuses on wealthy clients with assets of more than EUR 1.5 million with the bank. It provides a broad and diverse range of investment and financing solutions, supported by strong synergies with the HSBC Group's network, particularly Commercial Banking in France.

	Half year to	
(millions of euros)	**30 June 2015**	30 June 2014
Net operating income before impairments and provisions	**28**	20
Loan impairment charges and credit risk provisions	**-**	-
Total operating expenses	**(19)**	(21)
Reported Profit before tax	**9**	(1)
Adjusted Profit before tax	**9**	(1)

Assets under management increased to EUR 6.7 billion by 6 per cent from end-2014, driven by net inflows of EUR 217 million mainly from resident clients.

Net operating income, at EUR 28 million, increased by 40 per cent year-on-year, driven by a strong momentum, coupled with the EUR 3 million positive change in PVIF. Operating expenses were EUR 19 million, contained by synergies arising from platform sharing with other businesses. Profit before tax increased to EUR 9 million in the first half of 2015.

Other Activities

Other Activities comprises operating income and expense items that are not allocated to the global businesses. They mainly include the change in fair-value of own debt due to the credit spread, profit or loss related to accounting effects of banking book hedges and the bank's contribution to the systemic tax, which should be recovered at the year end. During the first half of 2015, derecognition of economic hedging relationships which were not meeting all the IAS 39 requirements had a negative impact of EUR -15 million.

	Half year to	
(millions of euros)	**30 June 2015**	30 June 2014
Net operating income before impairments and provisions	**(15)**	(25)
Loan impairment charges and credit risk provisions	**-**	-
Total operating expenses	**(19)**	(16)
Reported Profit before tax	**(34)**	(41)
Adjusted Profit before tax	**(42)**	(10)

Management report on the first half of 2015 (continued)

Results of the "France"[1] geographical segment as used by HSBC Holdings plc in its analysis of geographical contribution to the HSBC Group's results

In the first half of 2015, the "France" geographical segment, as defined by the HSBC Group, contributed USD 623 million (EUR 563 million) compared with USD 204 million (EUR 149 million) in the first half of 2014.

The difference between these figures and those presented in the various sections above are mainly due to the inclusion in the "France" segment of the funding costs related to HSBC Bank plc's acquisition of CCF in 2000 and, to a lesser extent, the exclusion of the results of HSBC France entities based outside France.

Year on year change are subject to the evolution of EUR/USD FX rate.

[1] *The "France" geographical segment's contribution to HSBC Group results includes (i) the HSBC France group except for the results of entities legally owned by HSBC France but located outside France, (ii) the Paris branch of HSBC Bank plc, which houses the equity derivative business and, until the end of 2013, the results of HSBC Assurances Vie (France), and (iii) the financing cost and acquisition debt recognised by HSBC Bank plc Paris Branch.*

Condensed consolidated financial statements at 30 June 2015

(Subject to limited review)

Consolidated income statement for the half-year to 30 June 2015

(in millions of euros)	*Notes*	**30 June 2015**	30 June 2014
Interest income		**939**	985
Interest expense		**(157)**	(197)
Net interest income		**782**	788
Fee income		**473**	456
Fee expense		**(130)**	(111)
Net fee income		**343**	345
Trading income excluding net interest income		**37**	(121)
Net interest income on trading activities		**142**	115
Net Trading income		**179**	(6)
Changes in fair value of long term debt issued and related derivatives		**(7)**	(25)
Net Income/(expense) from other financial instruments designated at fair value		**354**	239
Net income from financial instruments designated at fair value		**347**	214
Gains less losses from financial investments		**23**	45
Dividend income		**1**	3
Net earned insurance premiums		**1,073**	964
Other operating income		**149**	(34)
Total operating income		**2,897**	2,319
Net insurance claims incurred and movement in liabilities to policyholders		**(1,531)**	(1,258)
Total operating income before loan impairment (charges)/releases and other credit risk provisions		**1,366**	1,061
Loan impairment charges and other credit risk provisions	*3*	**(52)**	(78)
Net operating income		**1,314**	983
Employee compensation and benefits		**(474)**	(481)
General and administrative expenses		**(333)**	(295)
Depreciation of property, plant and equipment		**(23)**	(21)
Amortisation of intangible assets and impairment of goodwill		**(4)**	(4)
Total operating expenses		**(834)**	(801)
Operating profit		**480**	182
Share of profit in associates and joint ventures		**-**	–
Profit before tax		**480**	182
Tax expense		**(180)**	(50)
Profit for the period		**300**	132
Profit attributable to shareholders of the parent company		**299**	131
Profit attributable to non-controlling interests		**1**	1

(in euros)			
Basic earnings per ordinary share	*2*	**4.43**	1.95
Diluted earnings per ordinary share	*2*	**4.43**	1.95
Dividend per ordinary share	*2*	–	–

Condensed consolidated financial statements at 30 June 2015 (continued)

Consolidated statement of comprehensive income for the half-year to 30 June 2015

(in millions of euros)	**30 June 2015**	30 June 2014
Profit for the period (a)	**300**	132
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Available-for-sale investments: (b)	**(16)**	20
– fair value gains/(losses) taken to equity ..	**(1)**	75
– fair value gains transferred to income statement on disposal [1] ..	**(24)**	(45)
– amounts transferred to/(from) the income statement in respect of impairment losses	**(1)**	1
– income taxes	**10**	(11)
Cash flow hedges: (c)	**(60)**	79
– fair value gains/(losses) taken to equity ..	**(61)**	166
– fair value (gains)/losses transferred to income statement	**(32)**	(43)
– income taxes	**33**	(44)
Exchange differences (d)	**–**	–
Other comprehensive income for the period, reclassified in income statement on certain conditions (b) + (c) + (d) = (e)	**(76)**	99
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of the defined benefit asset	**–**	(8)
– before income taxes	**–**	(11)
– income taxes	**–**	3
Total variation of assets and liabilities that cannot be reclassified in income statement (f)	**–**	(8)
Total comprehensive income for the period (a) + (e) + (f)	**224**	223
Total comprehensive income for the year attributable to:		
– shareholders of the parent company	**219**	223
– non-controlling interests	**5**	–
	224	223

[1] *As of 30 June 2014, the disposal gain or loss of AFS securities does not include the effects of disposal of related hedging instruments for EUR 27 million.*

Condensed consolidated financial statements at 30 June 2015 (continued)

Consolidated statement of financial position at 30 June 2015

(in millions of euros)	Notes	**30 June 2015**	31 December 2014
ASSETS			
Cash and balances at central banks		**2,620**	523
Items in the course of collection from other banks		**295**	367
Trading assets	*6*	**32,823**	38,720
Financial assets designated at fair value	*6*	**6,972**	6,156
Derivatives	*6*	**55,491**	70,567
Loans and advances to banks	*7*	**4,847**	6,022
Loans and advances to customers	*7*	**37,432**	36,240
Reverse repurchase agreements – non-trading	*7*	**13,721**	14,796
Financial investments	*6*	**26,991**	24,672
Other assets		**253**	283
Current tax assets[1]		**42**	99
Prepayments and accrued income		**887**	1,021
Interests in associates and joint ventures		**1**	1
Goodwill and intangible assets		**851**	709
Property, plant and equipment		**696**	706
Deferred tax assets[1]		**316**	136
TOTAL ASSETS		**184,238**	201,018

LIABILITIES AND EQUITY		**30 June 2015**	31 December 2014
Liabilities			
Deposits by banks	*7*	**8,381**	7,021
Customer accounts	*7*	**31,971**	33,635
Repurchase agreements – non-trading	*7*	**15,306**	15,938
Items in the course of transmission to other banks		**337**	368
Trading liabilities	*6*	**27,289**	29,407
Financial liabilities designated at fair value	*6*	**8,154**	6,911
Derivatives	*6*	**52,576**	69,583
Debt securities in issue	*7*	**10,691**	9,237
Other liabilities		**1,154**	989
Current tax liabilities[1]		**37**	24
Liabilities under insurance contracts issued		**20,985**	20,803
Accruals and deferred income		**698**	714
Provisions		**133**	147
Deferred tax liabilities[1]		**213**	3
Retirement benefit liabilities		**159**	158
Subordinated liabilities	*7*	**276**	276
TOTAL LIABILITIES		**178,360**	195,214
Equity			
Called up share capital		**337**	337
Share premium account		**16**	16
Other reserves[2]		**1,568**	1,701
Retained earnings[2]		**3,884**	3,679
		5,805	5,733
Total equity attributable to shareholders of the parent company			
Non-controlling interests		**73**	71
TOTAL EQUITY		**5,878**	5,804
TOTAL EQUITY AND LIABILITIES		**184,238**	201,018

Condensed consolidated financial statements at 30 June 2015

[1] *The methodology of current and deferred tax netting has been reviewed as of June 2015. The application of this new methodology on the figures as of 31 December 2014 is non-significant and will therefore not be adjusted.*

[2] *The opening balance as of 01/01/2015 includes a reclassification of EUR 53 million net of deferred tax from "other reserves (cash flow hedge reserves)" to "retained earnings" resulting from the disqualification of economic hedges which originally did not meet all the conditions defined by IAS 39 to benefit from hedge accounting.*

Condensed consolidated financial statements at 30 June 2015 (continued)

Consolidated statement of changes in equity for the half-year to 30 June 2015

(in millions of euros)	Half-year to 30 June 2015			Other reserves						
	Called up share capital	Share premium	Retained earnings[1]	Available-for-sale fair value reserve	Cash flow hedging reserve[1]	Foreign exchange reserve	Merger reserve	Total share-holders' equity	Non-controlling interests	Total equity
At 1 January 2015	**337**	**16**	**3,732**	**133**	**2**	**(20)**	**1,533**	**5,733**	**71**	**5,804**
Profit for the period	**–**	**–**	**299**	**–**	**–**	**–**	**–**	**299**	**1**	**300**
- Available-for-sale investments	–	–	–	**(16)**	–	–	–	**(16)**	–	**(16)**
- Cash flow hedges	–	–	–	–	**(60)**	–	–	**(60)**	–	**(60)**
- Actuarial gains/(losses) on defined benefit plans	–	–	–	–	–	–	–	–	–	–
- Exchange differences and other	–	–	–	–	–	**(4)**	–	**(4)**	**4**	–
Other comprehensive income (net of tax)	–	–	–	**(16)**	**(60)**	**(4)**	–	**(80)**	**4**	**(76)**
Total comprehensive income for the period	–	–	**299**	**(16)**	**(60)**	**(4)**	–	**219**	**5**	**224**
Dividends to shareholders	–	–	**(150)**	–	–	–	–	**(150)**	–	**(150)**
Net impact of equity-settled share-based payments	–	–	**(10)**	–	–	–	–	**(10)**	–	**(10)**
Cost of share-based payment arrangements	–	–	**7**	–	–	–	–	**7**	–	**7**
Other Movements	–	–	**6**	–	–	–	–	**6**	**(3)**	**3**
Transfers	–	–	**–**	–	–	–	–	**–**	–	**–**
Acquisition and disposal of subsidiaries/businesses	–	–	–	–	–	–	–	**–**	–	–
Total Other	–	–	**(147)**	–	–	–	–	**(147)**	**(3)**	**(150)**
At 30 June 2015	**337**	**16**	**3,884**	**117**	**(58)**	**(24)**	**1,533**	**5,805**	**73**	**5,878**

[1] The opening balance as of 01/01/2015 includes a reclassification of 53 m€ net of deferred tax from "other reserves (cash flow hedge reserves)" to "retained earnings" resulting from the disqualification of economic hedges which originally did not meet all the conditions defined by IAS 39 to benefit from hedge accounting.

Condensed consolidated financial statements at 30 June 2015 (continued)

	Half -year to 30 June 2014									
				Other reserves						
(in millions of euros)	Called up share capital	Share premium	Retained earnings	Available-for-sale fair value reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger reserve	Total share-holders' equity	Non-controlling interests	Total equity
At 1 January 2014	337	16	3,477	101	(54)	(26)	1,540	5,391	46	5,437
Profit for the period	–	–	132	–	–	–	–	132	–	132
Available-for-sale investments	–	–	–	20	–	–	–	20	–	20
- Cash flow hedges	–	–	–	–	79	–	–	79	–	79
- Actuarial gains/(losses) on defined benefit plans	–	–	(8)	–	–	–	–	(8)	–	(8)
- Exchange differences and other	–	–	–	–	–	–	–	–	–	–
Other comprehensive income (net of tax)	–	–	(8)	20	79	–	–	91	–	91
Total comprehensive income for the period	–	–	124	20	79	–	–	223	–	223
	–	–	–	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–	–	–	–	–	–
Net impact of equity-settled share-based payments	–	–	(12)	–	–	–	–	(12)	–	(12)
Cost of share-based payment arrangements	–	–	8	–	–	–	–	8	–	8
Other Movements	–	–	(5)	–	–	–	12	7	–	7
Transfers	–	–	18	–	–	–	(18)	–	–	–
Acquisition and disposal of subsidiaries/businesses	–	–	–	–	–	–	–	–	20	20
Total Other			9				(6)	3	20	23
At 30 June 2014	337	16	3,610	121	25	(26)	1,534	5,617	66	5,683

Recent events

Consolidated cash flow statement for the half-year to 30 June 2015

(in millions of euros)	**30 June 2015**	30 June 2014
Cash flows from operating activities		
Profit before tax	**480**	182
Net profit on discontinued operations		
– Non-cash items included in net profit	**73**	12
– Change in operating assets	**4,532**	15,721
– Change in operating liabilities	**2,458**	(4,955)
– Change in assets/liabilities classified as held for sale (including cash flows)	–	–
– Elimination of exchange differences	**(31)**	(1,039)
– Net (gain)/loss from investing activities	**(23)**	(47)
– Share of profits in associates and joint ventures	–	–
– Dividends received from associates	–	–
– Tax paid	**(29)**	–
Net cash flows from operating activities	**7,460**	9,873
Cash flows (used in)/from investing activities		
Purchase of financial investments	**(5,291)**	(3,403)
Proceeds from the sale and maturity of financial investments	**2,499**	3,068
Purchase of property, plant and equipment	**(16)**	(13)
Proceeds from the sale of property, plant and equipment	**3**	1
Purchase of goodwill and intangible assets	**(5)**	(3)
Net cash outflow from acquisition of and increase in stake of subsidiaries	–	–
Net cash inflow from disposal of subsidiaries	–	–
Net cash outflow from acquisition of and increase in stake of associates	–	–
Proceeds from disposal of associates	–	–
Net cash flows (used in)/from investing activities	**(2,810)**	(350)
Cash flows (used in)/from financing activities		
Issue of ordinary shares capital	–	–
Net purchases of own shares	–	–
Increase in non-equity non-controlling interests	–	–
Subordinated loan capital issued	–	–
Subordinated loan capital repaid	–	–
Dividends paid to shareholders	**(150)**	–
Dividends paid to non-controlling interests	–	–
Net cash (used in)/from financing activities	**(150)**	–
Net increase in cash and cash equivalents	**4,500**	(10,224)
Cash and cash equivalents at 1 January	**4,127**	22,507
Effect of exchange rate changes on cash and cash equivalents	**40**	83
Cash and cash equivalents at 30 June	**8,667**	12,366

Recent events (continued)

Notes on the condensed consolidated financial statements

1 Basis of preparation

a Compliance with International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRSs) comprise accounting standards issued or adopted by the International Accounting Standards Board (IASB) as well as interpretations issued or adopted by the IFRS Interpretations Committee (IFRIC).

HSBC France is a company domiciled in France. The HSBC France condensed consolidated financial statements for the half-year up to 30 June 2015 contain the financial statements of HSBC France, its subsidiaries and HSBC France's interests in jointly controlled entities and associates.

The interim consolidated financial statements of HSBC France have been prepared in accordance with the Disclosure Rules and Transparency Rules of the Financial Conduct Authority and IAS 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). They do not include all the information disclosed in the annual financial statements and have to be consulted within the HSBC France consolidated financial statements for the year ending 31 December 2014.

The consolidated financial statements of HSBC France at 31 December 2014 were prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and as endorsed by the EU. EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2014, there were no unendorsed standards effective for the year ending 31 December 2014 affecting the consolidated financial statements at that date, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC France. Accordingly, HSBC France's financial statements for the year ending 31 December 2014 were prepared in accordance with IFRSs as issued by the IASB.

During the first half of 2015, the HSBC France group has not adopted new standards. At 30 June 2015, there were no unendorsed standards effective for the period ending 30 June 2015 affecting these interim consolidated financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC France.

The consolidated financial statements of HSBC France for the financial year 2014 are available upon request from the HSBC France registered office at 103 avenue des Champs-Elysées – 75419 Paris Cedex 08 or on the website www.hsbc.fr.

These interim consolidated financial statements were established by the Board of Directors on 22 July 2015.

b Use of estimates and assumptions

The preparation of financial information requires the use of estimates and assumptions about future conditions. The use of available information and the application of judgment are inherent in the formation of estimates; actual results in the future may differ from those reported.

In the opinion of management, all adjustments considered necessary for a fair presentation of HSBC France's net income, financial position and cash flows for the period presented have been made.

The significant judgments made by management in applying the group accounting policies and the key sources of uncertainty in the estimates are the same as those on the financial statements ending 31 December 2014, except for the changes applied to the PVIF model (see Note5). The changes are described on Note 1d of the Annual Report and Accounts 2014.

c Changes in composition of the group

There were no material changes in the composition of the group in the period. The changes in the group structure in the first half-year of 2015 are described on Note 13 of this document.

Recent events (continued)

d Accounting policies

The accounting policies adopted by HSBC France for the interim consolidated financial statements are consistent with those described on Note 1 and 2 of the Annual Report and Accounts 2014.

The description of accounting changes for the next exercises is given in Note 1b of the Annual Report and Accounts 2014.

e Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

f Significant events during the first half-year

Evolution of the regulatory framework and introduction of new banking taxes

Single Resolution Board (SRB)
The Single Resolution Board is the central decision-making structure of the Single Resolution Mechanism (SRM). Its mission is to ensure that credit institutions and other entities under its supervision, which face serious difficulties, are resolved effectively with minimal costs to the taxpayers and for the real economy. The Board will also be responsible for managing the Single Resolution Fund which is established by the Single Supervisory Mechanism (SSM). The Single Resolution Board is a self-financed agency of the European Union. The cost is EUR 0.2 million for the year 2015 for HSBC France.

The Single Resolution Fund (SRF)
In order to provide the necessary resources to ensure ongoing business concerns of a restructured Bank, Bank Recovery and Resolution Directive (BRRD) created the Single Resolution Fund in which every bank within the 28 Member States have to contribute since the 1 January 2015. The national funds of resolution will merge within the FRU on 1 January 2016. In order to facilitate the transition process, the annual contributions will be progressively adjusted. The current calculation of these contributions is done at a national level and aims to reach 1% of the total of the deposits in the concerned territory, for about EUR 55 billion within 8 years.
This fund will be supplied by French banks for EUR 15.5 billion from 2015 to 2024. The share borne by France will be approximately 28% of the total. HSBC France share is estimated at EUR 21.4 million for the year 2015, of which EUR 15 million are provisioned for 30 June 2015 and EUR 6.4 million are recorded in off balance sheet payment commitments.

SFH issuance

HSBC SFH (France) is a company dedicated to refinancing HSBC France by issuing a covered bond secured by home loans. On 11 March 2015, HSBC SFH (France) issued a covered bond for a nominal of EUR 1 billion with a 7 years maturity and an option to delay the reimbursement by 1 year.

PVIF (Present Value of In Force long term insurance business)

Some long term assumptions about the PVIF model have been reviewed during the first half-year of 2015. The changes and impacts are described in Note 5 PVIF of this document.

Recent events (continued)

Review of macro hedge accounting documentations

During half year 2015, a detailed review of the documentation of the macro Cash Flow Hedge hedging relationships has been performed at HSBC Group level.

The opening balance as of 1 January 2015 includes a reclassification of EUR 53m net of deferred tax from “other reserves (cash flow hedge reserves)” to “retained earnings” resulting from the disqualification of economic hedges which originally did not meet all the conditions defined by IAS 39 to benefit from hedge accounting.

Market risk information

It is to be noted that current significant items related to market risks are described on pages 7 to 9 of the interim report.

Recent events (continued)

2 Dividends

a Dividends related to 2015

The Board of Directors held on 22 July 2015 did not propose any distribution of an interim dividend for the year 2015.

b Dividends related to 2014

The board of Directors held on 6 of February 2015 proposed at the Annual General Meeting, on 23 April 2015, to distribute a dividend of EUR 2.23 per share for a total of 150,386,354.21 euros in respect of the 2014 results. The dividend, approved by the shareholders, was paid on 30 April 2015.

c Earnings and dividends per share

(in euros)	**30 June 2015**	30 June 2014	31 December 2014
Basic earnings per share	**4.43**	1.95	2.94
Diluted earnings per share	**4.43**	1.95	2.94
Dividends per share	–	–	2.23

Basic earnings per ordinary share were calculated by dividing the earnings of EUR 299 million by the weighted average number of ordinary shares outstanding, excluding own shares held, of 67,437,827 (first half of 2014: earnings of
EUR 131 million and 67,437,827 weighted average number of shares; full year 2014: earnings of EUR 198 million and 67,437,827 weighted average number of shares).

Diluted earnings per share were calculated by dividing the basic earnings, which require no adjustment for the dilutive effects of potential ordinary shares (including share options outstanding not yet exercised), by the weighted average number of ordinary shares outstanding, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on ordinary conversion of all the potential dilutive ordinary shares of 67,437,827 (first half of 2014: 67,437,827 shares; full year 2014: 67,437,827 shares).

Recent events (continued)

3 Loan impairment charges and other credit risk provisions

a Evolution of loan impairment charges

(in millions of euros)	**30 June 2015**	30 June 2014
Loan impairment charges on loans and advances		
- New allowances net of allowance releases	**(54)**	(80)
- Recoveries of amounts previously written off	**1**	2
Sub-Total	**(53)**	(78)
Impairment releases on debt securities and other credit risk provisions	**1**	-
Total	**(52)**	(78)

b Movements in the impairment of individually and collectively assessed loans

	2015		
(in millions of euros)	***Individually assessed***	***Collectively assessed***	***Total***
At 1 January	**(614)**	**(75)**	**(689)**
Amounts written off	**51**	**–**	**51**
Recoveries of amounts previously written off	**53**	**2**	**55**
Charge to income statement	**(107)**	**(3)**	**(110)**
Foreign exchange and other movements	**4**	**–**	**4**
At 30 June	**(613)**	**(76)**	**(689)**

	2014		
(in millions of euros)	*Individually assessed*	*Collectively assessed*	*Total*
At 1 January	(620)	(85)	(705)
Amounts written off	34	–	34
Recoveries of amounts previously written off	70	5	75
Charge to income statement	(145)	(10)	(155)
Foreign exchange and other movements	4	–	4
At 30 June	(657)	(90)	(747)

Recent events (continued)

4 Segmental analysis

a Income statement information

Half Year to 30 June 2015

(in millions of euros)	*Retail Banking and Wealth Management*	*Commercial Banking*	*Global Banking and Markets*	*Private Banking*	*Other*	*Inter Segment*	*Total*
Net interest income	**443**	**193**	**142**	**17**	**(11)**		**784**
Net fee income	**164**	**115**	**47**	**13**	**1**		**340**
Hedging and trading income	**20**	**(2)**	**250**	**2**	**(4)**		**266**
Other operating income	**37**	**9**	**20**	**(4)**	**150**	**(151)**	**61**
Total operating income	**664**	**315**	**459**	**28**	**136**	**(151)**	**1,451**
Loan impairment charges and other credit risk provisions	**(9)**	**(45)**	**2**	**–**	**–**	**–**	**(52)**
Net operating income	**655**	**270**	**461**	**28**	**136**	**(151)**	**1,399**
Total operating expenses	**(397)**	**(196)**	**(241)**	**(19)**	**(20)**	**1**	**(872)**
Operating profit	**258**	**74**	**220**	**9**	**116**	**(150)**	**527**
Share of profit in associates and joint ventures	–	–	–	–	–	–	–
Profit before tax – France	**258**	**74**	**220**	**9**	**116**	**(150)**	**527**
Tax expense							**(180)**
Profit for the year –France							**347**
Perimeter differences							**(47)**
Profit for the year - Legal							**300**

Half Year to 30 June 2014

(in millions of euros)	*Retail Banking and Wealth Management*	*Commercial Banking*	*Global Banking and Markets*	*Private Banking*	*Other*	*Inter Segment*	*Total*
Net interest income	452	211	132	14	2	(21)	790
Net fee income	151	111	73	9	-	-	344
Hedging and trading income	(145)	-	169	1	3	21	49
Other operating income	(88)	7	48	(4)	(30)	–	(67)
Total operating income	370	329	422	20	(25)	–	1,116
Loan impairment charges and other credit risk provisions	(11)	(42)	(25)	–	–	–	(78)
Net operating income	359	287	397	20	(25)	–	1,038
Total operating expenses	(387)	(197)	(218)	(21)	(16)	–	(839)
Operating profit	(28)	90	179	(1)	(41)	–	199
Share of profit in associates and joint ventures	–	–	–	–	–	–	–
Profit before tax - France	(28)	90	179	(1)	(41)	–	199
Tax expense							(51)
Profit for the year -France							148
Perimeter differences [1]							(16)
Profit for the year - Legal							132

1 *Mainly HSBC Bank Plc Paris Branch.*

Recent events (continued)

b Balance sheet information

(in millions of euros)	*Retail Banking and Wealth Management*	*Commercial Banking*	*Global Banking and Markets*	*Private Banking*	*Other*	*Inter Segment*	*Total*
	Half Year to 30 June 2015						
At 30 June 2015							
Total assets	**45,571**	**10,461**	**138,219**	**755**	**19**	**(10,787)**	**184,238**
Total liabilities[1]	**45,571**	**10,461**	**138,219**	**755**	**19**	**(10,787)**	**184,238**
At 31 December 2014							
Total assets	44,660	9,983	156,192	577	18	(10,412)	201,018
Total liabilities [1]	44,660	9,983	156,192	577	18	(10,412)	201,018

[1] *The total of liabilities includes shareholder's equity.*

c Average number of staff employed by HSBC France

	Half-year to 30 June 2015	Half-year to 30 June 2014
Retail Banking and Wealth Management	**3,823**	3,805
Commercial Banking	**1,431**	1,548
Global Banking and Markets	**754**	663
Private Banking	**107**	115
Support functions and other	**3,613**	3,723
Total	**9,728**	9,854

Recent events (continued)

5 Present value of in-force insurance business

HSBC France's life insurance business reported through its subsidiary HSBC Assurances Vie, is accounted for using the embedded value approach which, *inter alia*, provides a comprehensive risk and valuation framework. The PVIF (*Present Value of In-Force business)* asset represents the present value of the shareholders' interest in the profits expected to emerge from the book of in-force policies.

The calculation of the PVIF is based upon assumptions that take into account risk and uncertainty. To project these cash flows, a variety of assumptions regarding future experience are made by each insurance operation, which reflect local market conditions and management's judgment of local future trends.

a Movements in PVIF

(in millions of euros)	**Movement of 1st semester 2015**	Movement on full year 2014
At 1 January	**334**	493
Addition from current year new business	**29**	53
Movement from in-force business (including investment return variances and changes in investment assumptions)	**86**	(209)
Exchange differences and other movements	**26**	(3)
At the end of the period	**475**	334

The PVIF moves from EUR 334 million as of 31 December 2014 to EUR 475 million as of 30 June 2015. The positive movement of EUR 141 million is mainly due to:

- Favorable economic conditions over the first half of 2015, affecting bonds and equity markets (EUR 36 million)
- Adjustments to long term macroeconomic assumptions, including :
  - Transition from the swap yield curve to an observable yield curve determined by EIOPA[1] for discounting future cash flows (EUR 58 million) ;
  - The review of the equity risk premium (EUR 16 million) ;
  - The review of the fee sharing model between HSBC France and HSBC Assurances Vie (EUR 26 million)

There is no other significant change.

[1] *The EIOPA curve is determined by the European Insurance and Occupational Pensions Authority and is the yield curve in the incoming pan-European Solvency II Pillar regulatory solvency calculations*

b Key assumptions modification impacts over PVIF2

	At 30 June 2015	At 31 December 2014
Average weighted risk free rate	**1.71%**	1.21%
Average weighted risk discount rate	**2.64%**	1.73%
Expenses inflation	**2.00%**	2.00%

[2] *For the first-half 2015, market value future profits' discounted rate used for the PVIF is of 2.64%, to which a risk margin of EUR 86 million is added. In 2014, the market value future profits' discounted rate was of 1.73%, to which a risk margin of EUR 49 million.*

Risk margin over discount rate profits are (in millions of euros)[3]:

	At 30 June 2015	At 31 December 2014
Operational risk	**7**	7
Model risk	**15**	15
Volatility risk	**64**	27
Total	**86**	49

[3] *Risk margin (model risk, operational and volatility risk) are detailed separately.*

Recent events (continued)

c Sensitivity of PVIF to changes in economic assumptions

The following table shows the effects of the risk-free rate movements and the discount rate on the value of PVIF before tax in millions of euros for HSBC Assurances Vie.

	PVIF at 30 June 2015	PVIF at 31 December 2014
+ 100 basis points shift in risk-free rate	**25**	111
− 100 basis points shift in risk-free rate[1]	**(114)**	(389)
+ 100 basis points shift in risk-discount rate	**(11)**	(19.5)
− 100 basis points shift in risk-discount rate	**12**	22.7

1 *Where a –100 basis point parallel shift in the risk-free rate would result in a negative rate, the effect on PVIF has been calculated using a minimum rate of 0%.*

Due to certain characteristics of the contracts, the sensitivities may be non-linear and so the results of the sensitivity-testing should not be extrapolated to higher levels of stress. In analysing the scenario, the shift in the risk-free rate results in changes to investment returns, risk discount rates and bonus rates which are incorporated. The sensitivities shown are before actions that could be taken by management to mitigate impacts.

d Sensitivity of the PVIF to non-economic assumptions

Policyholder liabilities and PVIF for life manufacturers are determined by reference to non-economic assumptions including mortality and/or morbidity, lapse rates and expense rates. The following table shows the sensitivity of total equity as of 30 June 2015 to reasonably realistic changes in these non-economic assumptions at that date.

Mortality and morbidity risk is typically associated with life insurance contracts. The effect on profit of an increase in mortality or morbidity depends on the type of business being subscribed to.

Sensitivity to lapse rates is dependent on the type of contracts being written. For insurance contracts, the cost of claims is funded by premiums received and income earned on the investment portfolio supporting the liabilities. For a portfolio of term insurance, an increase in lapse rates typically has a negative effect on profit due to the loss of future premium income on the lapsed policies.

Expense rate risk is the exposure to a change in expense rates. To the extent that increased expenses cannot be passed on to policyholders, an increase in expense rates will have a negative impact on profits.

The table below presents the PVIF sensitivity after tax (in millions of euros).

	Effect on total equity at 30 June 2015	Effect on total equity at 31 December 2014
10% increase in mortality and/or morbidity rates	**(10)**	(12)
10% decrease in mortality and/or morbidity rates	**10**	13
10% increase in lapse rates	**(23)**	(28)
10% decrease in lapse rates	**25**	31
10% increase in expense rates	**(25)**	(25)
10% decrease in expense rates	**24**	24

The impact of variations in redemption rates is mainly explained by savings activity. For example, an increase in redemptions generates a decrease of the contract management, and therefore, a negative impact on the insurer's profits.

Recent events (continued)

6 Fair value of financial instruments

Fair values of financial instruments, the control system and the hierarchy description are determined in accordance with the methodology described in the Annual Report and Accounts 2014 in Note 30- Fair value of financial instruments carried at fair value. There has been no change in accounting policy, control system or hierarchy level since 31 December 2014.

a Financial instruments carried at fair value

	Valuation techniques:				Amounts with HSBC entities :		
(in millions of euros)	*Level 1 - Quoted market price*	*Level 2- using observable inputs*	*Level 3 - with significant non-observable inputs*	*Third Party Total*	*Amounts with HSBC entities*	*Of which Level 3* [1]	*Total*
At 30 June 2015							
Assets							
Trading assets	**19,516**	**10,040**	**–**	**29,556**	**3,267**		**32,823**
Financial assets designated at fair value	**6,832**	**140**	**–**	**6,972**	**–**		**6,972**
Derivatives	**13**	**37,846**	**287**	**38,146**	**17,345**	*219*	**55,491**
Financial investments available-for-sale	**26,894**	**17**	**80**	**26,991**	**–**		**26,991**
Liabilities							
Trading liabilities	**8,753**	**13,911**	**–**	**22,664**	**4,625**		**27,289**
Financial liabilities at fair value	**2**	**8,152**	**–**	**8,154**	**–**		**8,154**
Derivatives	**7**	**38,114**	**28**	**38,149**	**14,427**	*257*	**52,576**
At 31 December 2014							
Assets							
Trading assets	29,406	8,688	–	38,094	626		38,720
Financial assets designated at fair value	5,567	136	–	5,703	453		6,156
Derivatives	9	50,324	283	50,616	19,951	*65*	70,567
Financial investments available-for-sale	24,174	78	74	24,326	346		24,672
Liabilities							
Trading liabilities	13,645	14,535	–	28,180	1,227		29,407
Financial liabilities at fair value	5	6,906	–	6,911	–		6,911
Derivatives	3	49,998	41	50,042	19,541	*229*	69,583

[1] *This column has been added in order to identify level 3 amounts with HSBC Group subsidiaries.*

There were no significant fair value transfer between Level 1 and Level 2.

Recent events (continued)

b Level 3

Financial instruments measured at fair value using a valuation technique with significant unobservable input

	Assets				Liabilities		
(in millions of euros)	Available-for-sale	Held for trading	Designated at fair value through profit or loss	Derivatives	Held for trading	Designated at fair value through profit or loss	Derivatives
At 30 June 2015							
Private equity investments	**80**	–	–	–	–	–	–
Asset-backed securities	–	–	–	–	–	–	–
Structured notes	–	–	–	–	–	–	–
Derivatives	–	–	–	**287**	–	–	**28**
Other portfolios	–	–	–	–	–	–	–
HSBC subsidiaries[1]	–	–	–	**219**	–	–	**257**
TOTAL	**80**	–	–	**506**	–	–	**285**
At 31 December 2014							
Private equity investments	74	–	–	–	–	–	–
Asset-backed securities	–	–	–	–	–	–	–
Leverage finance	–	–	–	–	–	–	–
Structured notes	–	–	–	–	–	–	–
Derivatives	–	–	–	283	–	–	41
Other portfolios	–	–	–	–	–	–	–
HSBC subsidiaries[1]	–	–	–	65	–	–	229
TOTAL	74	–	–	348	–	–	270

[1]This line has been added to take into account HSBC subsidiaries amounts as shown in the table “Financial instruments at fair value” on page 33.

Recent events (continued)

Variation of fair value measurements in Level 3

	Assets[1]				Liabilities[1]		
(in millions of euros)	Available-for-sale	Held for trading	Designated at fair value through profit or loss	Derivatives	Held for trading	Designated at fair value through profit or loss	Derivatives
At 1 January 2015	**74**	–	–	**348**	–	–	**270**
Total gains or losses recognised in profit or loss	**(4)**	–	–	**9**	–	–	**4**
- trading income excluding net interest income	–	–	–	**10**	–	–	**5**
- gains less losses from financial investments	**(4)**	–	–	**(1)**	–	–	**(1)**
Total gains or losses recognised in other comprehensive income	**6**	–	–	–	–	–	–
- Available-for-sale investments: fair value gains/(losses)	**6**	–	–	–	–	–	–
Purchases	**11**	–	–	–	–	–	–
Issues	–	–	–	–	–	–	–
Sales	**(7)**	–	–	–	–	–	–
Settlements		–	–	–	–	–	–
Transfer out	–	–	–	–	–	–	–
Transfer in	–	–	–	**149**	–	–	**11**
Exchange differences	–	–	–	–	–	–	–
At 30 June 2015	**80**	–	–	**506**	–	–	**285**
Unrealised gains/(losses) recognised in profit or loss relating to and liabilities held at 30 June	–	–	–	**506**	–	–	**285**
- trading income excluding net interest income	–	–	–	**506**	–	–	**285**
- gains less losses from financial investments	–	–	–	–	–	–	–

[1] *Of which Level 3 amounts with HSBC Group subsidiaries.*

Recent events (continued)

(in millions of euros)	Assets: Available-for-sale	Assets: Held for trading	Assets: Designated at fair value through profit or loss	Assets: Derivatives	Liabilities: Held for trading	Liabilities: Designated at fair value through profit or loss	Liabilities: Derivatives
At 1 January 2014	99	–	–	102	–	–	38
Total gains or losses recognised in profit or loss	(1)	–	–	194	–	–	94
- trading income excluding net interest income	–	–	–	194	–	–	94
- gains less losses from financial investments	(1)	–	–	–	–	–	–
Total gains or losses recognised in other comprehensive income	6	–	–	–	–	–	–
- available-for-sale investments: fair value gains/(losses)	6	–	–	–	–	–	–
Purchases	–	–	–	–	–	–	–
Issues	–	–	–	–	–	–	–
Sales	–	–	–	–	–	–	–
Settlements	(9)	–	–	–	–	–	–
Transfer out	–	–	–	–	–	–	–
Transfer in	–	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	–	–
At 30 June 2014	95	–	–	296	–	–	132
Unrealised gains/(losses) recognised in profit or loss relating to and liabilities held at 30 June	27	–	–	296	–	–	132
- trading income excluding net interest income	–	–	–	296	–	–	132
- gains less losses from financial investments	27	–	–	–	–	–	

Effects of changes in significant unobservable assumptions to reasonably possible alternatives

By accounting category

(in millions of euros)	**Reflected in profit or loss: Favourable changes**	**Reflected in profit or loss: Unfavourable changes**	**Reflected in other comprehensive income: Favourable changes**	**Reflected in other comprehensive income: Unfavourable changes**
At 30 June 2015				
Derivatives/trading assets/trading liabilities[1]	**5**	**(5)**	**–**	**–**
Financial assets and liabilities designated at fair value				
Financial investments: available-for-sale	**–**	**–**	**5**	**(5)**
At 31 December 2014				
Derivatives/trading assets/trading liabilities[1]	8	(8)	–	–
Financial assets and liabilities designated at fair value				
Financial investments: available-for-sale	–	–	4	(7)

1 Derivatives, trading assets and trading liabilities are presented as one category to reflect the manner in which these financial instruments are risk-managed.

Recent events (continued)

By type of instrument

(in millions of euros)	Reflected in profit or loss		Reflected in other comprehensive income	
	Favourable changes	**Unfavourable changes**	**Favourable changes**	**Unfavourable changes**
At 30 June 2015				
Private equity investments	**–**	**–**	**5**	**(5)**
Asset-backed securities	**–**	**–**	**–**	**–**
Structured notes	**–**	**–**	**–**	**–**
Derivatives	**5**	**(5)**	**–**	**–**
Other portfolios	**–**	**–**	**–**	**–**
At 31 December 2014				
Private equity investments	–	–	4	(7)
Asset-backed securities	–	–	–	–
Structured notes	–	–	–	–
Derivatives	8	(8)	–	–
Other portfolios	–	–	–	–

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or most unfavourable change by varying the assumptions individually.

Recent events (continued)

Quantitative information about significant unobservable input in level 3 valuations

The following table lists key unobservable inputs to level 3 financial instruments, and provides the range of those inputs as at 30 June 2015. The categories of key unobservable inputs are described in the note 30 of the Annual Report and Accounts 2014.

At 30 June 2015	Fair value Assets[1] (in millions of euros)	Fair value Liabilities[1] (in millions of euros)	Valuation technique	Key unobservable inputs	Full range of inputs Lower	Full range of inputs Higher	Core range of inputs Lower	Core range of inputs Higher
Private equity including strategic investments	**80**	–	See note 30 of the ARA 2014 on page 184	See note 30 of the ARA 2014 on page 184	n/a	n/a	n/a	n/a
Asset-backed securities	–	–						
CLO/CDO[2]	–	–	Market proxy	Bid quotes	–	–	–	–
Other ABSs	–	–			–	–	–	–
Structured notes	–	–						
Equity-linked notes	–	–	Model – Option model	Equity volatility	–	–	–	–
			Model – Option model	Equity correlation	–	–	–	–
Fund-linked notes	–	–	Model – Option model	Fund volatility	–	–	–	–
FX-linked notes	–	–	Model – Option model	FX volatility	–	–	–	–
Other	–	–						
Derivatives	**506**	**285**						
Interest rate derivatives:								
– securitisation swaps	**139**	**8**	Model – DCF[3]	Prepayment rate	**50%**	**50%**	**50%**	**50%**
– long-dated swaptions	**285**	**257**	Model – Option model	IR volatility	**11%**	**36%**	**13%**	**36%**
– other	**82**	**20**						
Foreign exchange derivatives:								
– Foreign exchange options	–		Model – Option model	FX volatility				
Equity derivatives:								
– long-dated single stock options	–	–	Model – Option model	Equity volatility	–	–	–	–
– other	–	–						
Credit derivatives:								
– other	–	–						
Other portfolios	–	–						
	586	**285**						

Recent events (continued)

At 31 December 2014

Private equity including strategic investments	74	–	See note 30 of the ARA 2014on page 184	See note 30 of the ARA 2014 on page 184	n/a	n/a	n/a	n/a
Asset-backed securities	–	–						
CLO/CDO[1]	–	–	Market proxy	Bid quotes	–	–	–	–
Other ABSs	–	–			–	–	–	–
Structured notes	–	–						
Equity-linked notes	–	–	Model – Option model	Equity volatility	–	–	–	–
			Model – Option model	Equity correlation	–	–	–	–
Fund-linked notes	–	–	Model – Option model	Fund volatility	–	–	–	–
FX-linked notes	–	–	Model – Option model	FX volatility	–	–	–	–
Other	–	–						
Derivatives[4]	348	270						
Interest rate derivatives:								
– securitisation swaps	11	8	Model – DCF[3]	Prepayment rate	50%	50%	50%	50%
– long-dated swaptions	268	241	Model – Option model	IR volatility	8%	28%	11%	28%
– other	69	21						
Foreign exchange derivatives:								
– Foreign exchange options	–	–	Model – Option model	FX volatility	–	–	–	–
Equity derivatives:								
– long-dated single stock options	–	–	Model – Option model	Equity volatility	–	–	–	–
– other	–	–						
Credit derivatives:								
– other	–	–						
Other portfolios	–	–						
	422	270						

1 *Including Level 3 amounts with HSBC Group subsidiaries*
2 *Collateralised loan obligation/collateralised debt obligation.*
3 *Discounted cash flow.*
4 *The derivatives amounts as of 31 December 2014 have been allocated on the lines swaps securities, long dated swap options and other.*

Recent events (continued)

7 Fair values of financial instruments not carried at fair value

(in millions of euros)	30 June 2015 Carrying value	Fair Value	31 December 2014 Carrying value	Fair value
Assets				
Loans and advances to banks	**4,847**	**4,847**	6,022	6,022
Loans and advances to customers	**37,432**	**37,563**	36,240	35,839
Reverse repurchase agreements - non-trading	**13,721**	**13,721**	14,796	14,796
Liabilities				
Deposits by banks	**8,381**	**8,381**	7,021	7,021
Customer accounts	**31,971**	**31,992**	33,635	33,656
Debt securities in issue	**10,691**	**10,694**	9,237	9,489
Subordinated liabilities	**276**	**276**	276	276
Repurchase agreements - non-trading	**15,306**	**15,306**	15,938	15,938

The fair values in this note are stated at a specific date and may be significantly different from the amounts which will actually be paid on the maturity or settlement dates of the instruments. In many cases, it will not be possible to immediately achieve the estimated fair values given the size of the portfolios measured. Accordingly, these fair values do not represent the value of these financial instruments to the group as a going concern.

Recent events (continued)

8 Offsetting of financial assets and financial liabilities

a Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

(in million of euros)	Gross amount of recognised financial assets	Gross amount offset in the balance sheet	Amount presented in the balance sheet	Amount not offset in the balance sheet: Financial instruments	Non-Cash collateral	Cash collateral received	Net amount
At 30 June 2015							
Derivatives	**99,960**	**(44,469)**	**55,491**	**44,483**	**144**	**9,444**	**1,420**
Reverse repurchase, securities borrowing and similar agreements	**38,542**	**(24,717)**	**13,825**	**4 059**	**9,490**	**276**	**–**
Classified as:							
– trading assets	**104**	**–**	**104**	**–**	**104**	**–**	**–**
– non trading assets	**38,438**	**(24,717)**	**13,721**	**4,059**	**9,386**	**276**	**–**
Loans and advances excluding reverse repos	**881**	**(128)**	**753**	**–**	**–**	**–**	**753**
– to banks	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– to customers	**881**	**(128)**	**753**	**–**	**–**	**–**	**753**
	139,383	**(69,314)**	**70,069**	**48,542**	**9,634**	**9,720**	**2,173**
At 31 December 2014							
Derivatives	142,228	(71,661)	70,567	59,798[1]	146	8,103	2,520
Reverse repurchase, securities borrowing and similar agreements Classified as:	44,237	(29,337)	14,900	6,268	8,219	413	–
– trading assets	104	–	104	–	104	–	–
– non trading assets	44,133	(29,337)	14,796	6,268	8,115	413	–
Loans and advances excluding reverse repos	1,181	(138)	1,043	–	–	–	1,043
– to banks	–	–	–	–	–	–	–
– to customers	1,181	(138)	1,043	–	–	–	1,043
	187,646	(101,136)	86,510	66,066	8,365	8,516	3,563

[1]*The amount has been adjusted for arithmetic needs.*

Recent events (continued)

b Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

(in million of euros)	Gross amount of recognised financial liabilities	Gross amount offset in the balance sheet	Amount presented in the balance sheet	Amount not offset in the balance sheet: Financial instruments	Amount not offset in the balance sheet: Non-Cash collateral	Amount not offset in the balance sheet: Cash collateral received	Net amount
At 30 June 2015							
Derivatives	**97,045**	**(44,469)**	**52,576**	**44,539**	**48**	**7, 795**	**194**
Reverse repurchase, securities borrowing and similar agreements	**41,604**	**(24,717)**	**16,887**	**4,060**	**12,748**	**79**	**–**
Classified as:							
– trading liabilities	**1,581**	**–**	**1,581**	**–**	**1,581**	**–**	**–**
– non trading liabilities	**40,023**	**(24,717)**	**15,306**	**4,060**	**11,167**	**79**	**–**
Deposits by banks excluding repos	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Customer accounts excluding repos	**128**	**(128)**		**–**	**–**	**–**	**–**
	138,777	**(69,314)**	**69,463**	**48,599**	**12,796**	**7,874**	**194**
At 31 December 2014							
Derivatives	141,244	(71,661)	69,583	59,816	1,292	7,720	755
Reverse repurchase, securities borrowing and similar agreements	47,954	(29,337)	18,617	6,268	12,233	116	–
Classified as:							
– trading liabilities	2,680	–	2,680	–	2,680	–	–
– non trading liabilities	45,274	(29,337)	15 937	6,268	9,553	116	–
Deposits by banks excluding repos	–	–	–	–	–	–	–
Customer accounts excluding repos	138	(138)	–	–	–	–	–
	189,336	(101,136)	88,200	66,084	13,525	7,836	755

9 Credit quality of financial instruments

The five classifications of credit quality rating, as described on page 197 of the Annual Report and Accounts 2014, and as shown in the table below, encompass a range of more granular, internal credit rating grades assigned to wholesale and retail lending businesses, as well as the external ratings attributed by external agencies to debt securities.

The table below shows the distribution of financial instruments by credit quality:

Recent events (continued)

	30 June 2015							
	Neither past due nor impaired							
		Medium						
(in million of euros)	Strong	Good	Satisfactory	Sub-standard	Past due not impaired	Impaired	Impairment allowances	Total
Cash and balances at central banks	2,620	–	–	–	–	–	–	2,620
Items in the course of collection from other banks	295	–	–	–	–	–	–	295
Trading assets	20,852	5,129	6,836	6	–	–	–	32,823
– Treasury and other eligible bills and debt securities	14,973	3,460	1,178	–	–	–	–	19,611
– Loans and advances to banks	1,799	1,299	5,063	6	–	–	–	8,167
– Loans and advances to customers	4,080	370	595	–	–	–	–	5,045
Financial assets designated at fair value	843	51	67	–	–	–	–	961
– Treasury and other eligible bills and debt securities	843	51	53	–	–	–	–	947
– Loans and advances to banks	–	–	14	–	–	–	–	14
– Loans and advances to customers	–	–	–	–	–	–	–	–
Derivatives	52,566	2,549	338	38	–	–	–	55,491
Loans and advances held at amortised cost	27,643	6,854	6,227	473	233	1,538	(689)	42,279
– Loans and advances to banks	3,781	128	919	10	9	–	–	4,847
– Loans and advances to customers	23,862	6,726	5,308	463	224	1,538	(689)	37,432
– personal	12,258	320	45	–	88	315	(100)	12,926
– corporate and commercial	10,612	6,097	4,879	439	133	1,144	(537)	22,767
– financial	992	309	384	24	3	79	(52)	1,739
Reverse repurchase agreements - non-trading	10,005	778	2,938	–	–	–	–	13,721
Financial investments[1]	22,859	2,406	1,496	–	–	–	–	26,761
– Treasury and other similar bills and debt securities	22,859	2,406	1,496	–	–	–	–	26,761
Other assets	–	1	1,082	–	–	1	(1)	1,083
– Endorsements and acceptances	–	–	–	–	–	–	–	–
– Accrued income and other	–	1	1,082	–	–	1	(1)	1,083
Total	137,683	17,768	18,984	517	233	1,539	(690)	176,034

1 Excluding equity securities

Recent events (continued)

Off balance sheet…………………	**14,014**	**8,717**	**4,807**	**111**	**–**	**15**	**4**	**27,668**
Financial guarantees and similar contracts	**941**	**1,318**	**618**	**30**	**–**	**15**	**1**	**2,923**
Loan and other credit-related commitments – endorsements and acceptances	**13,073**	**7,399**	**4,189**	**81**	**–**	**–**	**3**	**24,745**
Total....................	**151,697**	**26,485**	**23,791**	**628**	**233**	**1,554**	**(686)**	**203,702**

Recent events (continued)

(in millions of euros)	31 December 2014 – Neither past due nor impaired – Strong	Medium – Good	Medium – Satisfactory	Sub-standard	Past due not impaired	Impaired	Impairment allowances	Total
Cash and balances at central banks	523	–	–	–	–	–	–	523
Items in the course of collection from other banks	367	–	–	–	–	–	–	367
Trading assets 1	28,739	6,854	3,118	9	–	–	–	38,720
– Treasury and other eligible bills and debt securities	22,980	5,485	1,034	6	–	–	–	29,505
– Loans and advances to banks	3,070	1,001	1,795	3	–	–	–	5,869
– Loans and advances to customers	2,689	368	289	–	–	–	–	3,346
Financial assets designated at fair value	815	86	8	–	–	–	–	909
– Treasury and other eligible bills and debt securities	815	86	6	–	–	–	–	907
– Loans and advances to banks	–	–	2	–	–	–	–	2
– Loans and advances to customers	–	–	–	–	–	–	–	–
Derivatives	66,132	3,485	912	38	–	–	–	70,567
Loans and advances held at amortised cost	27,009	8,356	5,239	572	246	1,529	(689)	42,262
– Loans and advances to banks	5,434	368	202	18	–	–	–	6,022
– Loans and advances to customers	21,575	7,988	5,037	554	246	1,529	(689)	36,240
– personal	11,915	483	56		174	324	(101)	12,851
– corporate and commercial	9,028	7,058	4,540	531	70	1,130	(534)	21,823
– financial	632	447	441	23	2	75	(54)	1,566
Reverse repurchase agreements - non-trading	13,175	25	1,596	–	–	–	–	14,796
Financial investments[1]	21,577	2,021	849	17	–	–	–	24,464
– treasury and other similar bills and debt securities	21,577	2,021	849	17	–	–	–	24,464
	–	–	1,279	–	–	11	(11)	1,279
Other assets	–	–	1,279	–	–	11	(11)	1,279
– Endorsements and acceptances	–	–	–	–	–	–	–	–
– Accrued income and other	–	–	1,279	–	–	11	(11)	1,279
Total	158,337	20,827	13,001	636	246	1,540	(700)	193,887

1 Excluding equity securities

Recent events (continued)

Off balance sheet	13,904	9,050	5,294	202	–	84	4	28,538
Financial guarantees and similar contracts .	681	1,095	439	36	–	33	1	2,285
Loan and other credit-related commitments – endorsements and acceptances	13,223	7,955	4,855	166	–	51	3	26,253
Total	172,241	29,877	18,295	838	246	1,624	(696)	222,425

10 Contingent liabilities, contractual commitments and guarantees

(in millions of euros)	**30 June 2015**	31 December 2014
Guarantees and other Contingent liabilities		
Guarantees	**4,582**	3,933
Other credit related contingent liabilities	–	–
TOTAL..	**4,582**	3,933
Commitments		
Documentary credits and short-term trade-related transactions	**769**	557
Forward asset purchases and forward deposits	–	–
Undrawn formal stand-by facilities, credit lines and other commitments to lend	**25,837**	27,284
TOTAL..	**26,606**	27,841

The above table discloses the nominal principal amounts of third-party off-balance sheet transactions. Nominal principal amounts of potential liabilities and commitments represent the amounts at risk in a case where contracts would be fully drawn upon and client defaulted.

As a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of these nominal principal amounts is not representative of future liquidity requirements.

Recent events (continued)

11 Legal proceedings and regulatory matters relating to HSBC group entities generally

HSBC group entities, including HSBC France, are party to various significant legal proceedings and regulatory matters arising out of their normal business operations. Apart from the matters described below and on pages 222 and 223 of the 2014 Registration Document, HSBC France considers that none of these matters is significant. HSBC France recognizes a provision for a liability in relation to these matters when it is probable that an outflow of economic benefits will be required to settle an obligation which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation. Any provision recognized does not constitute an admission of wrongdoing or legal liability. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions, as necessary, have been made in respect of such legal proceedings as at 30 June 2015.

a Anti-money laundering and sanctions-related

In December 2012, HSBC Holdings plc ("HSBC Holdings" or "HSBC"), the bank's ultimate parent company, HSBC North America Holdings ("HNAH") and HSBC Bank USA, N.A. ("HBUS") entered into agreements with US and UK government agencies regarding past inadequate compliance with the US Bank Secrecy Act ("BSA"), Anti-Money Laundering ("AML") and sanctions laws. Among those agreements, HSBC Holdings and HSBC Bank USA entered into a five-year Deferred Prosecution Agreement with the US Department of Justice ("DoJ"), the US Attorney's Office for the Eastern District of New York, and the US Attorney's Office for the Northern District of West Virginia (the "US DPA"). HSBC Holdings entered into a two-year deferred prosecution agreement with the New York County District Attorney ("DANY") (the "DANY DPA"). HSBC Holdings consented to a cease and desist order and HSBC Holdings and HNAH consented to a civil money penalty order with the Federal Reserve Board ("FRB").

In addition, HSBC Bank USA entered into a civil money penalty consent order with a bureau of the US Treasury Department known as the the Financial Crimes Enforcement Network ("FinCEN") and a separate civil money penalty order with the Office of the Comptroller of the Currency ("OCC"). HSBC Holdings also entered into an agreement with the Office of Foreign Assets Control ("OFAC") regarding historical transactions involving parties subject to OFAC sanctions and an undertaking with the UK Financial Conduct Authority ("FCA") to comply with certain forward-looking AML- and sanctions-related obligations.

Under these agreements, HSBC Holdings and HSBC Bank USA made payments totaling USD 1.9 billion to US authorities. Under these agreements, HSBC Holdings has also certain obligations to ensure that entities in the HSBC Group, including HSBC Bank plc and its subsidiaries (including HSBC France), comply with certain requirements. Steps continue to be taken to comply with ongoing obligations under the US DPA, FCA direction, and other settlement agreements.

On 1 July 2013, the US District Court for the Eastern District of New York approved the US DPA and retained authority to oversee implementation of that agreement. Under the agreements with the DoJ, FCA, and the FRB, an independent monitor (who is, for FCA purposes, a "skilled person" under Section 166 of the Financial Services and Markets Act) is evaluating and regularly assessing the effectiveness of HSBC's AML and sanctions Compliance function and HSBC's progress in implementing its remedial obligations under the agreements. HSBC Holdings has fulfilled all of the requirements imposed by the DANY DPA which expired by its terms at the end of the two year period of that agreement in December 2014. If HSBC Holdings and HSBC Bank USA fulfil all of the requirements imposed by the US DPA, the DoJ charges against those entities will be dismissed at the end of the five-year period of that agreement. The DoJ may prosecute HSBC Holdings or HSBC Bank USA in relation to any matters that are the subject of the US DPA if HSBC Holdings or HSBC Bank USA breaches the terms of the US DPA.

HSBC Bank USA also entered into a separate consent order with the OCC requiring it to correct the circumstances and conditions as noted in the OCC's then most recent report of examination and imposing certain restrictions on HSBC Bank USA directly or indirectly acquiring control of, or holding an interest in, any new financial subsidiary, or commencing a new activity in its existing financial subsidiary, unless it receives prior approval from the OCC. HSBC Bank USA also entered into a separate consent order with the OCC requiring it to adopt an enterprise wide compliance programme.

These settlements with US and UK authorities have led to private litigation, and do not preclude further private litigation relating to HSBC's compliance with applicable BSA, AML and sanctions laws or other regulatory or law enforcement actions for BSA, AML, sanctions or other matters not covered by the various agreements.

Recent events (continued)

b Investigations and reviews into the setting of London interbank offered rates, European interbank offered rates and other benchmark interest and foreign exchange rates

Various regulators and competition and law enforcement authorities around the world including in the United Kingdom (UK), the United States of America (US), the European Union, Italy, Switzerland, and elsewhere are conducting investigations and reviews related to certain past submissions made by panel banks and the processes for making submissions in connection with the setting of London interbank offered rates ("Libor"), European interbank offered rates ("Euribor") and other benchmark interest and foreign exchange rates. As certain HSBC entities are members of such panels, HSBC and/or its subsidiaries (including HSBC France whose involvement is limited to the extent that it is a member of the Euribor panel) have been the subject of regulatory demands for information and are cooperating with those investigations and reviews. On 4 December 2013, the European Commission (the "Commission") announced that it had imposed fines on eight financial institutions under its cartel settlement procedure for their participation in illegal activity related to euro interest rate derivatives and/or Yen interest rate derivatives. Although HSBC was not one of the financial institutions fined, the Commission announced that it had opened proceedings against HSBC entities (HSBC Holdings, HSBC Bank Plc and HSBC France) in connection with its Euribor-related investigation of Euro interest rate derivatives only. This investigation will continue under the standard Commission cartel procedure. On 21 May 2014, these HSBC entities received a Statement of Objections from the Commission, alleging anticompetitive practices in connection with the pricing of euro interest rate derivatives. The Statement of Objections sets out the Commission's preliminary views and does not prejudge the final outcome of its investigation. HSBC responded to the Commission's Statement of Objections in March 2015. The hearing before the Commission took place in June 2015.

In November 2013, HSBC and other panel banks were also named as defendants in a putative class action filed in the US District Court for the Southern District of New York on behalf of persons who transacted in euro futures contracts and other financial instruments related to Euribor. The complaint alleges, amongst other things, misconduct related to Euribor in violation of US antitrust laws, the CEA, and state law. The plaintiffs filed a second and later third amended complaint in May 2014 and October 2014. The court previously stayed proceedings until May 2015. The court has set a deadline for plaintiffs to file a fourth amended complaint in August 2015, and for defendants to respond in September 2015.

There are many factors that may affect the range of possible outcomes, and the resulting financial impact, of these private lawsuits. Based upon the information currently available, it is possible that any liabilities that might arise as a result of the claims in these actions could be significant.

c Credit default swap regulatory investigation and litigation

In July 2013, various HSBC entities, including HSBC France, received a Statement of Objections from the European Commission (the "Commission") relating to its ongoing investigation of alleged anti-competitive activity by a number of market participants in the credit derivatives market between 2006 and 2009. The Statement of Objections sets out the European Commission's preliminary views and does not prejudge the final outcome of its investigation. HSBC has submitted a response to the Commission and with reference to HSBC France, the point made was that there was no real nexus between the Commission's alleged case and HSBC France's activities. HSBC attended an oral hearing in May 2014 at which the other defendants were also present. Following the oral hearing the Commission decided to conduct a further phase of investigation before deciding whether or how to proceed with the case. HSBC is cooperating with this further investigation.

There are many factors that may affect the range of possible outcomes, and the resulting financial impact, of this matter. The amounts of any fines and/or penalties, however, could be significant.

12 Related party transactions

There were no changes in the related party transactions described in the Annual Report and Accounts 2014 that have had a material effect on the financial position or performance of the group in the six months leading up to 30 June 2015. All related party transactions which took place in the period ending 30 June 2015 were similar in nature to those disclosed in the Annual Report and Accounts 2014.

Recent events (continued)

13 Changes in consolidation perimeter during the first half-year of 2015

The table below shows the changes, in the first half-year of 2015, within the legal perimeter published in the 2014 Annual Report and Accounts, Note 20.

Transfer in :
HSBC MUL ASS ST FACT S FCP 3 DEC
GIF ECONOMIC SCALE INDEX US EQUITY

Transfer out :
SINOPIA AME INDEX B EUR C 3DEC
OPCVM 3 HSBC Objectif 3-6-8 FCP 3 DEC
HSBC MULTI ALP JAPAN EQ A C 3 DEC
HSBC MULTIMANAGER DEF FCP 3DEC
HSBC MULTIMANAGER EXPA FCP 3DEC
HSBC MULTIMANAGER HARM FCP 3DEC
HSBC MULTIMANAGER OFF FCP 3DEC

Those changes have not generated a material impact on the accounts.

14 Events after the balance sheet date

There have been no material events after the balance sheet date which would require disclosure or adjustment to financial statements of 30 June 2015.

Recent events (continued)

Statutory Auditors' Review Report on the 2015 interim financial information

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

For the six month period ended 30 June 2015

To the Shareholders,

HSBC FRANCE SA
103, avenue des Champs-Elysées
75419 Paris Cedex 08

In compliance with the assignment entrusted to us by your General meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of HSBC France SA, for the six months ended June 30, 2015;
- the verification of the information contained in the half year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.
Without qualifying our conclusion, we draw your attention to Note 5 to the condensed half-year consolidated financial statements, regarding the impact of the changes applied to the estimation model of the present value of future profits arising from existing insurance contracts (PVIF or Present Value In Force).

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year1 consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly sur Seine and Paris, 3 August 2015

PricewaterhouseCoopers Audit	BDO France – Léger & Associés
Nicolas Montillot Partner	Fabrice Chaffois Partner

Recent events (continued)

Events subsequent to the filing of the Reference Document

None.

Events subsequent to 30 June 2015

New products and services are offered to customers of the HSBC Group in France on a regular basis. Information is available on the group's websites, in particular in the press releases posted at www.hsbc.fr.

There has been no significant change affecting the financial or sales situation of HSBC France or its subsidiaries since 30 June 2015, date of the most recent published financial statements reviewed by the auditors.

The main events that have occurred since 30 June 2015 are the following:

None.

Persons responsible for the registration document and additional information and for auditing the financial statements

Person responsible for the registration document and additional information

Mr Jean Beunardeau, Chief Executive Officer.

Statement by person responsible

To the best of my knowledge, having taken all reasonable steps for this purpose, I certify that the information provided in this update is true and accurate and contains no material omission that would impair its significance.

I certify, to the best of my knowledge, that the condensed accounts for the first half of the financial year have been prepared in accordance with the relevant accounting standards and give a fair view of assets and liabilities, financial position and result of the company and of all the entities included in the consolidation, and that the interim management report on pages 3 to 16 presents a fair review of the significant events that occurred during the first six months of the financial year, their impact on the accounts and the major related party transactions, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

I have obtained a completion letter from the Company's Statutory Auditors in which they confirm that they have verified the information presented in this update on the financial position and the financial statements, and also that they also have read the entire update.

The consolidated financial statements of the year ended 31 December 2014, presented in the Registration Document filed with the AMF under the reference D.15-0095 have been discussed in the Statutory Auditor's report, available in pages 233 to 234, which contains a remark.

The Statutory Auditors have issued a report on the historical financial information presented in this update, available on page 50 of this document, which contains a remark.

Paris, 5 August 2015

Jean Beunardeau, CEO

Persons responsible for the registration document and additional information and for auditing the financial statements (continued)

Persons responsible for auditing the financial statements

	Date first appointed	Date re-appointed	Date term ends
Incumbents			
PricewaterhouseCoopers Audit1 Représenté par Nicolas Montillot 63, rue de Villiers 92200 Neuilly-sur-Seine	2015	–	2018
BDO France – Léger & Associés[4] Represented by Fabrice Chaffois[5] 113 rue de l'Université 75007 Paris	2007	2012	2018
Alternates			
Jean-Baptiste Deschryver1 63, rue de Villiers 92200 Neuilly-sur-Seine	2015	–	2018
François Allain[1] 2 rue Hélène Boucher 78286 Guyancourt Cedex	2007	2012	2018

1 *Member of the Compagnie Régionale des Commissaires aux comptes of Versailles.*
2 *Member of the Compagnie Régionale des Commissaires aux comptes of Paris.*
3 *BDO France – Léger & Associés represented by Fabrice Chaffois as of financial year 2013.*

Cross-reference tables

The cross-reference table refers to the main headings required by the European regulation 809/2004 (Annex XI) implementing the directive known as « Prospectus » and to the pages of the 2014 Annual Report and Accounts D.15-0095 updated by this document.

Section of Annex XI to EU Regulation 809/2004	Pages in registration document D.14-0103 filed with the AMF on 2 March 2015	Pages in this update
1. Persons responsible	296	52
2. Statutory auditors	297	53
3. Risk factors	81-109, 193-217	7 - 11
4. Information about the issuer		
4.1. History and development of the company	292	–
5. Business overview		
5.1. Principal activities	2-11 and 246	3 - 16
5.2. Principal markets	2-11 and 246	3 - 16
6. Organisational structure		
6.1. Brief description of the group	inside cover, 2-11, 240-243, 280-283	–
6.2. Issuer's relationship with other group entities	–	–
7. Trend information	295	7
8. Profit forecasts or estimates	–	–
9. Administrative, management and supervisory bodies and senior management		
9.1. Administrative and management bodies	12-24	–
9.2. Administrative and management bodies – Conflicts of interest	43	–
10. Major shareholders		
10.1. Control of the issuer	25, 294	–
10.2. Arrangements known to the issuer which could entail a change in control at a subsequent date	–	–
11. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
11.1. Historical financial information	110	–
11.2. Financial statements	112-232, 235-277	–
11.3. Auditing of historical financial information	235-236, 280-281	–
11.4. Age of latest financial information	110	–
11.5. Interim and other financial information	–	17 - 49
11.6. Legal and arbitration proceedings	100-102	47 - 49
11.7. Significant change in the issuer's financial or trading position	295	7
12. Material contracts	292	–
13. Third party information and statement by experts and declarations of any interest	–	–
14. Documents on display	290	55

Cross-reference tables (continued)

In application of Article 212-13 of the *Autorité des marchés financiers*'s General Regulations, this update contains the information of the interim financial report referred to in Article L.451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF's General Regulations:

- Management report
  - Main events occurring during the first six months of 2015 pages 3 to 6
  - Main risks and uncertainties page 7
  - Principal related party transactions page 48
- Condensed consolidated financial statements pages 17 to 49
- Report of the Statutory Auditors on the interim financial information At 30 June 2015 page 50
- Statement by person responsible page 52

The following items are incorporated by reference:

- the consolidated financial statements for the year ended 31 December 2014 and the Statutory Auditors' report on those consolidated financial statements, presented on pages 112 to 232 and 233 to 234 of reference document D.15-0095 filed with the AMF on 2 March 2015.

The chapters of the reference documents not mentioned above are either of no interest to investors or are covered in another section of this update.

These documents are available on the HSBC France group's website (www.hsbc.fr) and on the AMF's website (www.amf-france.org).

Any person requiring additional information on the HSBC France group may, without commitment, request documents by mail:

HSBC France
103 avenue des Champs Élysées
75419 Paris Cedex 08
France