

Group structure and summary business activities of HSBC France's principal subsidiaries

HSBC France group's main subsidiaries at 31 December 2007

Retail Banking

Paris region	HSBC de Baecque Beau (99.9%)
	HSBC Herve (99.9%)
	HSBC Picardie (100%)
	HSBC UBP (100%)
Southeast France	Banque Chaix (100%)
	Banque Marze (100%)
	Banque Dupuy, de Parseval (100%)
	Société Marseillaise de Crédit (100%)
Other	Banque Pelletier (100%)
	Banque de Savoie (99.9%)
	Crédit Commercial du Sud-Ouest (100%)
	Elysées Factor (100%)

Global Banking and Markets

Real Estate	Foncière Elysées SA (100%)
	HSBC Real Estate Leasing (France) (100%)
	HSBC REIM (France) (100%)
	Immobilière Bauchart (100%)
	Réalimo Négociations (100%)
	SAS Saussaies Haussmann (100%)
Structured financing and Global Banking	Société Financière et Mobilière (100%)
	Neuilly Saint Paul (100%)
	HSBC Leasing (France) (100%)
	HSBC Leasing (Belgium) (100%)
	CCF Charterhouse GmbH (100%)
France Titrisation (33%)	
Markets	HSBC Securities (France) (100%)
	HSBC Financial Products (France) (100%)
	Financière d'Uzès (34%)
Other	HSBC Securities Services (France) (100%)

- Stated percentages indicate the group's percentage of control.
- The subsidiaries are classified in the area where they principally operate.

Asset Management**France**

HSBC Investments (France) (100%)
Halbis Capital Management (France) (100%)
HSBC Investments FCP (France) (100%)
Sinopia Asset Management (100%)
Sinopia Financial Services (100%)
Sinopia Société de Gestion (100%)
HSBC Epargne Entreprise (100%)

Outside France

Sinopia Asset Management Luxembourg (100%)
Sinopia Asset Management (Asia Pacific) Ltd (100%)
Sinopia Asset Management (UK) Ltd (100%)

Private Banking**France**

HSBC Private Bank France (99.9%)
Louvre Gestion (99.9%)

Outside France

LGI (99.9%)

Subsidiaries & equity investments**France**

Nobel (100%)
Société Française Suisse (100%)
Elysées Formation (100%)
Malesherbes Anjou (100%)
Excofina (100%)

Outside France

Charterhouse Management Services Ltd (100%)

Group structure and summary business activities of HSBC France's principal subsidiaries (continued)

Retail and Commercial Banking

(in thousands of euros)

	Total assets		Shareholders' funds*		Net profit		HSBC France group's percentage holding	
	2007	2006	2007	2006	2007	2006	2007	2006
HSBC Hervet	3,195,632	2,986,069	347,320	285,014	42,279	62,787	99.97	99.97
<p>HSBC Hervet has been part of the HSBC France platform since November 2005, and operates a network of 78 branches in Greater Paris and the Centre region. It is focused on retail banking for individual and business customers. Despite a significant improvement in retail banking operating performance, net operating income declined by 9.4% to EUR 155.1 million as a result of margin erosion. Expenses were well under control and fell by 1.3%. Effective risk control allowed a net release from provisions of EUR 1.0 million. Profit after tax was EUR 42.3 million.</p>								
HSBC de Baecque Beau	1,120,403	1,074,549	64,838	47,207	16,773	17,662	99.92	99.91
<p>HSBC de Baecque Beau is a branchless bank in Paris that operates a retail banking business for individual and business customers. It joined the HSBC France platform in November 2005. Net operating income was EUR 53.5 million in 2007, up 14.1% on strong business growth. Expenses rose by only 3.4%, and this led to a sharp 274% increase in operating profit (EUR 26.6 million) and a further improvement in the cost efficiency ratio to 50.2%. The allowance for credit losses totalled EUR 1.6 million. Profit after tax was EUR 16.8 million, down 5.0%.</p>								
HSBC UBP	2,472,945	2,213,009	112,562	98,285	32,289	47,745	100.0	100.0
<p>In 2007, HSBC UBP continued its policy of controlling its operational and credit risks and building up its business in its target segments, in line with the strategic plan of the HSBC France group. At the same time, organisational and IT systems changes were made as part of the unification of the Group's branch networks under the HSBC brand. On the strength of a vigorous sales effort, loans and advances to customers were up 11.2% at year-end and deposits rose by 12.9%. Despite this business growth, margin erosion and the risk control policy held net operating income to EUR 133 million, a decrease of 2.8%. Operating profit was down 8.8% at EUR 50.9 million. The allowance for credit losses was limited to EUR 0.9 million. Profit after tax was EUR 32.3 million.</p>								
HSBC Picardie	500,584	422,402	23,063	23,208	3,450	6,249	100.0	100.0
<p>HSBC Picardie, a retail bank with 16 branches, migrated to the Group's HUB platform in 2005 and has been operating under the HSBC brand since November 2005. Brisk business activity in 2007 was reflected by an 8.7% rise in loans and advances outstanding and a 4.1% increase in deposit balances. This was not quite enough to offset the effect of margin erosion, and both net operating income (EUR 18.4 million) and operating profit before provisions (EUR 5.9 million) were down slightly compared with 2006. The allowance for credit losses was limited to EUR 1.0 million through effective risk management. Profit after tax was EUR 3.4 million.</p>								
Crédit Commercial du Sud-Ouest	972,259	896,556	55,242	54,954	7,144	12,536	100.0	100.0
<p>Net operating income fell by 3.8% in 2007 as a result of lower returns on demand deposits. This was partly offset by very strong commercial activity, resulting in deposits rising by 6.2% and loans outstanding by 15.6%, while fee and commission income increased by 4.2%. One of the major events in 2007 was the start of a major IT migration project, which will continue in 2008. General operating expenses rose by 15.8% including the cost of the migration, and only 3.4% without it. Operating profit fell by 39.9%, or by 13.2% excluding migration costs. The allowance for credit losses remained under control and was less than in 2006. Profit after tax was EUR 7.1 million, down from EUR 12.5 million in 2006. Excluding non-recurring factors, profit after tax fell by 12.9%.</p>								
Société Marseillaise de Crédit	3,510,813	3,376,265	245,848	245,311	55,176	73,695	100.0	100.0
<p>In 2007, fund inflows increased by 5.9%. Average demand deposits rose by 8.5%, with a 5.8% increase for personal customers and 12% for companies. Higher interest rates made time deposits more attractive, and average time deposits increased by 60% to EUR 330 million. Inflows into investment vehicles continued to rise, with 3.5% growth in amounts outstanding in mutual funds and 13.1% growth in life insurance. Net new money in life insurance was down 0.4% at EUR 266 million, of which 32.2% was invested in unit-linked products versus 23.3% the previous year. Average credit outstandings were up 21%, with a 7.6% rise for short-term lending and 23.3% for medium-term lending. Although business levels were firm, net banking income fell by 4.6% to EUR 200.7 million. This was caused by a 11.1% drop in value added to EUR 117.8 million, partly offset by a 5.8% rise in fee and commission income to EUR 82.9 million (life insurance fees +11.5% and transfer fees +12%). The year-on-year comparison suffered from the completion of EUR 3 million of investment transactions in 2006 and, most importantly, the delayed impact of rate cuts, which was estimated at around EUR 12.5 million in 2007. Stripping out these factors to isolate the bank's "commercial growth", net operating income was up 4%. General operating expenses came in down 1.9% at EUR 126.9 million. Gross operating income was EUR 73.8 million, down from EUR 85.9 million in 2006. Once again, there was a release from risk allowances, contributing EUR 5.9 million to earnings. Disposal gains were lower in 2007 than in 2006, and profit after tax fell by 25.1% to EUR 55.2 million. At 31 December 2007, Société Marseillaise de Crédit had a liquidity ratio of 119% and a strong cost efficiency ratio of 63.2%. During the year, SMC continued to implement initiatives to win new customers as part of its Croissance Sud strategic plan. This resulted in 10,222 new customers in target segments, in line with the bank's objectives, and business volumes from companies rose by 11%. Internet services continued to make significant progress, with penetration rising to 43% among personal customers and 37% among companies.</p>								

* Comprising share capital + reserves + FRBG.

Retail and Commercial Banking (continued)
(in thousands of euros)

	Total assets		Shareholders' funds*		Net profit		HSBC France group's percentage holding	
	2007	2006	2007	2006	2007	2006	2007	2006
Banque de Savoie	1,018,234	951,602	48,428	45,600	10,849	13,768	99.9	99.9
	<p>A mixed year in 2007. Banque de Savoie put in a good commercial performance in 2007, against a tough background caused by a particularly difficult winter season. Deposits rose by 7.5% to EUR 812.6 million. This was driven mainly by a sharp increase in interest-paying deposits, in line with rising short-term interest rates. Loan production remained firm, and loans outstanding increased by 5.2% to EUR 577.7 million. In life insurance, net new money remained strong at EUR 51.9 million. Despite this robust performance, net operating income fell by 8.9% to EUR 44.4 million. Although fee and commission income was excellent, rising by 6.2%, value added fell substantially as a result of two main factors: weak deposit growth resulting from a poor winter season, followed by particularly adverse returns from asset-liability management in 2007. Moreover, value added had been boosted in 2006 by an exceptional EUR 1.6 million gain on mutual fund disposals. The bank maintained a firm grip on expenses, in line with the budget, and operating profit came in at EUR 16.1 million, although this represents a significant decline relative to 2006. The cost efficiency ratio was 63.7%. The allowance for credit losses remained small, at just 0.2% of credit outstandings. Profit after tax was EUR 10.9 million. In 2008, we intend to regain strong momentum in winning high-quality customers. This effort will be greatly helped by our professionalism, responsiveness and constant desire to give our customers a warm welcome and the right advice, together with our in-depth knowledge of the winter sports business.</p>							
Banque Chaix	1,314,977	1,244,351	68,804	68,630	19,530	25,514	100.0	100.0
	<p>There was a sharp acceleration in commercial activity again in 2007. New customer numbers rose by 17%, and the percentage of customers equipped rose by 22% relative to 2006. Loans outstanding increased by 11.3% to EUR 719.7 million. Loan production in 2007 was EUR 232 million, up 14.6%. Total deposits posted a 9.2% increase to EUR 1,130.7 million. Demand deposits rose by 4.3%. Savings and investment inflows increased favourably by 6.0% to EUR 2,151 million. Assets under management totalled EUR 2,872.4 million, up 7.3% on 2006. Value added fell by 2.2% to EUR 48.9 million. Fee and commission income rose by 8% to EUR 27.6 million, versus EUR 25.5 million in 2006. Banking fees and commissions were up 11.3% at EUR 17.8 million. Net operating income came to EUR 77.0 million, down 3.5%. Operating expenses before impairment charges were EUR 42.5 million. Net additions to reserves totalled EUR 4.1 million, including net additions for customer risks of EUR 2.5 million. Profit after tax on a non-consolidated basis was EUR 20.9 million, down 18% from EUR 25.5 million in 2006. The cost efficiency ratio deteriorated slightly to 55.3%, from 52.5% in 2006.</p>							
Banque Marze	211,087	204,781	9,849	9,802	2,215	3,879	100.0	100.0
	<p>The growth in commercial activity seen in 2006 accelerated throughout 2007. Total customer deposits rose by 8.2% to EUR 181.1 million. Demand deposits rose by 7.8%. Loans distributed to customers increased by 10.6% to EUR 147.9 million. Assets under management posted a 7.8% increase to EUR 450.7 million. Value added fell by 26.9% to EUR 6.6 million. Excluding items that gave an exceptional boost to value added in 2006, the decline was 8.8%. Fee and commission income increased by 10.2%. General operating expenses came in down 1.9% at EUR 6.3 million. Net operating income came to EUR 10.8 million, down 16.4%. Net allowances to customer reserves declined by 14.7% to EUR 0.9 million. Profit after tax fell by 37.5% to EUR 2.2 million. The cost efficiency ratio was 57.7%, versus 49.1% in 2006.</p>							
Banque Pelletier	434,741	334,603	14,070	13,095	3,261	2,911	100.0	100.0
	<p>Banque Pelletier, headquartered in Dax, operates in the southern part of Aquitaine. Further development offset negative interest rate movements and resulted in a 1.6% increase in net operating income to EUR 15.4 million. In addition, firm control over general operating expenses and risks led to a 12% increase in profit after tax to EUR 3.3 million.</p>							
Banque Dupuy, de Parseval	885,558	731,271	35,713	30,612	7,049	11,326	100.0	100.0
	<p>Banque Dupuy, de Parseval achieved firm business growth in 2007. Total inflows of funds increased by 7.8%, credit outstandings by 20%, and total funds under management by 13%. However, net operating income was lower than in 2006. The main cause of this was the decline in value added, mainly resulting from the non-recurrence of exceptional gains realised on the securities portfolio in 2006. Fee and commission income rose by 5.7%. General operating expenses remained under control, rising by 1.7%. Profit after tax was EUR 7 million.</p>							
Elysées Factor	291,311	247,869	9,656	9,354	168	302	100.0	100.0
	<p>Elysées Factor, a wholly owned member of the HSBC Group since 2005, achieved 20% business growth in 2007, with net revenue of EUR 1,320 million (amount of invoiced receivables purchased). Net operating income increased by 17.5% to EUR 13.2 million, and the pre-tax contribution to group earnings was EUR 0.3 million. In 2007, Elysées Factor continued for a second year to overhaul its operational and commercial activities as part of an ambitious business plan. This initiative included a revamp of IT operating systems and the product range, a move to strengthen sales teams, the reorganisation of the Customer Department and the introduction of new risk management methods and procedures.</p>							

* Comprising share capital + reserves + FRBG.

Group structure and summary business activities of HSBC France's principal subsidiaries (continued)

Global Banking and Markets

(in thousands of euros)

	Total assets		Shareholders' funds*		Net profit		HSBC France group's percentage holding	
	2007	2006	2007	2006	2007	2006	2007	2006
HSBC Securities (France)	454,234	124,425	47,448	41,910	69,416	5,539	100.0	100.0
	The sharp increase in total assets was caused by settlement accounts for market transactions carried out on behalf of Financial Products. Profit for the year includes the capital gain on the sale of Euronext shares (available-for-sale securities).							
HSBC Financial Products (France)	23,488,506	11,524,545	35,969	18,100	7,951	17,870	100.0	100.0
	Business in 2007 was seriously affected by the financial crisis in the second half of the year. HSBC Financial Products (France) revenues saw very strong year-on-year growth in the first half. However, progress in the second half was sharply reduced as a result of the crisis and its impact on customer business levels in equity products. HSBC Financial Products (France) 2007 profits were also affected by the high level of day-one and bid/offer provisions. Despite that, HSBC Financial Products (France) continued to invest in IT throughout 2007 to support its business development.							
Foncière Elysées SA	36,910	45,826	33,613	33,615	2,527	11,268	100.0	100.0
	In 2007, Foncière Elysées posted a profit of EUR 2.5 million, consisting of dividends paid by its two main subsidiaries: HSBC Real Estate Leasing (property leasing) and HSBC REIM (third-party property asset management). Foncière Elysées' subsidiaries continued their development in 2007. HSBC Real Estate Leasing merged with Sofimurs—former property leasing subsidiary of HSBC Hervet—in order to combine the Group's French property leasing activities within a single platform. HSBC REIM continued to collect new money through SCPI Elysées Pierre, totalling EUR 74 million.							
HSBC Real Estate Leasing (France)	816,255	661,877	48,108	38,694	7,689	3,096	100.0	100.0
	In 2007, this specialist property leasing subsidiary merged with HSBC Hervet subsidiary Sofimurs, which carried out the same activity for the network. The Group's property leasing activities have therefore been combined into a single platform, allowing it to optimise its development. Lease financing production in respect of 2007 amounted to EUR 121 million.							

Asset Management

(in thousands of euros)

HSBC Investments (France)	155,132	148,231	53,026	53,466	45,287	45,565	100.0	100.0
	Sustained business development with European institutional clients in 2007 in a very difficult market environment. Assets under management and under distribution amount EUR 73.4 billion at the end of the year, increasing by 11.5% compared to EUR 65.8 billion end of 2006. The credit market crisis impacted strongly business development with large European corporate clients who withdrew from enhanced cash funds and slowed down their investments in regular money market funds. More generally, European intermediary clients withdrew from Asian emerging equity funds due to the rising risk aversion. In charge of business development in Continental Europe for HSBC Group Asset Management (ex Germany, Austria and Eastern European countries), HSBC Investments (France) extended its geographical coverage in 2007 and opened two new branches in Sweden and Spain.							
Halbis Capital Management (France)	62,622	61,860	19,361	18,067	9,469	7,406	100.0	99.7
	2007 was a contrasted year for the French entity of Halbis, the active fundamental asset manager of the HSBC Group. At the end of 2007, assets under management amount EUR 14.6 billion, decreasing by 23% compared to EUR 18.8 billion at the end of 2006. The short term fund management activity has been strongly impacted by the credit market crisis and more particularly HSBC Eotop (net flows EUR -3.3 billion). Strong innovation during the year with the launches of new "absolute return" strategies (Global Macro and Go Alpha). Business development of the Euro zone equity (large, small-mid caps) and multi-asset expertises was successful thanks to outstanding track-records, resulting in positive net flows by institutional and intermediary clients.							
Sinopia Asset Management	63,798	80,057	27,404	31,659	14,042	27,113	100.0	100.0
	At the end of 2007, global assets under management are stable, reaching EUR 31.5 billion compared to EUR 32.5 billion at the end of 2006. 2007 main highlights are the increasing coverage of large international institutional clients (in Canada, the Netherlands, Nordics, Asia) and the consolidation of absolute return strategies assets. Asset management activities were dominated by a strong repositioning on global thematic equities (launches of HSBC Global Power & Resources, HGIF Climate Change et HGIF Emerging Wealth) and the good resistance of both active and passive quantitative strategies.							

* Comprising share capital + reserves + FRBG.

Asset Management (continued)
(in thousands of euros)

	Total assets		Shareholders' funds*		Net profit		HSBC France group's percentage holding	
	2007	2006	2007	2006	2007	2006	2007	2006
HSBC Epargne Entreprise	133,835	81,045	18,510	19,373	70,427	(862)	100.0	100.0

HSBC Epargne Entreprise, a wholly owned subsidiary of the HSBC Group, is in daily contact with 12,000 employer companies and manages 700,000 individual accounts. The employee savings mutual funds that it offers are managed by HSBC Investments (France) and had assets under management of EUR 4.1 billion at 31 December 2007. This puts the Group in eighth place among employee savings managers. The products and services are offered through the distribution network of the HSBC Group in France (including the regional banks) and by partner networks (Swiss Life and Caixa Bank). The offering covers the needs of employer companies of all sizes, large and small.

Private Banking
(in thousands of euros)

HSBC Private Bank France	1,276,002	1,317,309	171,881	167,927	22,192	6,301	99.9	99.9
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Outstandings at year-end amounted to EUR 11.7 billion. Gross new money was underpinned by synergies with HSBC's other operations in France, in both Paris and the regions. International co-operation within the Group also increased substantially. In terms of products:

- structured products and alternative funds launched in partnership with the HSBC Group were particularly successful;
- growth in loans secured on business assets and insurance continued at a rapid pace;
- strong mutual fund performance was rewarded with a number of acknowledgements, including second place in *Mieux Vivre votre Argent's* specialist bank category and first place for the Patrimoine fund in the equity category of the AGEFI *Grands Prix de la Gestion d'Actifs* awards.

Revenue growth was firm, and together with an excellent grip on costs, this drove a strong increase in earnings.

Own investments
(in thousands of euros)

SFS	46,134	43,851	13,654	13,535	3,200	119	100.0	100.0
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SFS realised a significant capital gain on the disposal of its stake in HSBC Asset Management Holding, allowing it to report full-year net profit of EUR 3.2 million. The disappointing performance of the financial markets in the second half of 2007 had a negative impact on certain unrealised capital gains in its investment portfolio.

Nobel	397,060	410,734	341,469	305,321	35,342	32,923	100.0	100.0
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Nobel, the group's holding company for proprietary equity investments, follows an investment strategy split between mid-cap listed stocks and private equity funds. Regarding listed stocks, Nobel takes minority stakes, typically in mid-cap stocks with little or no following by investment analysts, using a value fundamental approach with a true medium-term investment horizon. Nobel is run by an independent management team of seven investment professionals. Nobel's performance in the past ten years has produced an annual internal rate of return of over 26% without the use of leverage. Nobel generated operating profit of EUR 46.7 million in 2007. These results confirm the merit of Nobel's highly selective investment approach featuring stakes in a limited number of listed companies and selected private equity funds.

Other subsidiary of the HSBC Group in France
(in thousands of euros)

Erisa	14,519,848	13,138,994	368,748	311,302	40,508	38,282	100.0¹	50.0
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Premium income gross of reinsurance was up 8.6% to EUR 2.1 billion. Technical reserves rose by 10.2% to EUR 13.7 billion (26% unit-linked). Total net profit was EUR 40.5 million, up 5.8% relative to 2006.

* Comprising share capital + reserves + FRBG.

¹ 100% held by HSBC Bank plc Paris Branch since 20 December 2007.