

CCF Results 2003

Paris,
1st March 2004

Summary

▤ FINANCIAL RESULTS

▤ RESULT BY CUSTOMER GROUP



Financial results

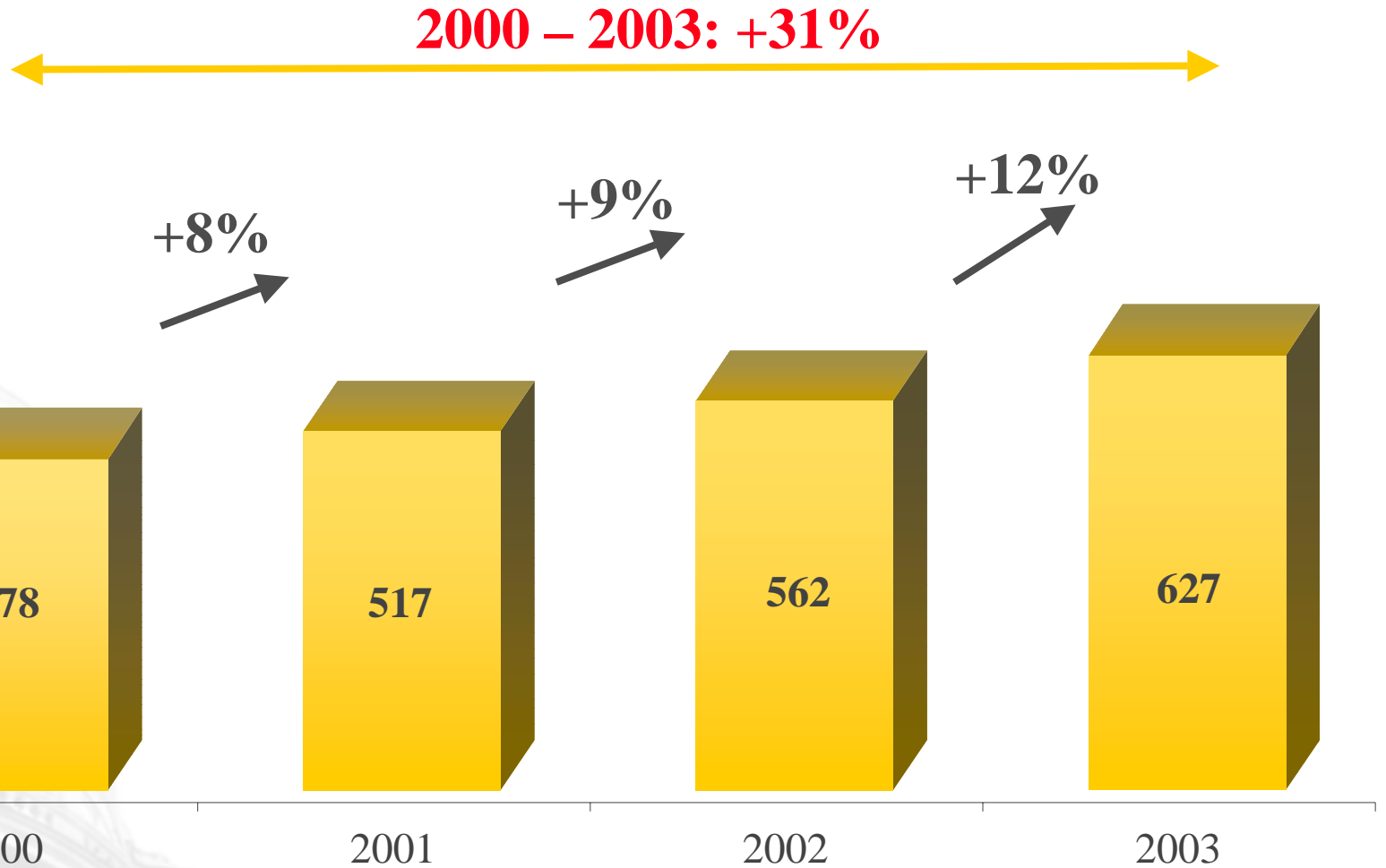


2003 highlights

- ▄ Net profit up 11.7%, the twentieth consecutive year of growth.
- ▄ Net profit up more than fourfold over the 11 years from 1992 to 2003, giving a compound annual growth rate of 14%.
- ▄ Operating profit before provisions up 11.3%.
 - Retail banking up 17.3% due to good positioning of branch networks.
 - Corporate, investment banking & markets up 29.3%, with a further improvement in market positions.
 - Excellent performance from asset management, driven by synergies with the HSBC Group: assets under management up 28.9% to €47.3bn.
 - Four private banking subsidiaries combined to form HSBC Private Bank France.
- ▄ Provisions up but provisioning rate still broadly moderate.
- ▄ Substantial investment in upgrading information systems.

Evolution of profit attributable*

In Million €



*French Gaap

Financial statement presentation

- Unlike in previous years, 2003 and 2002 reported figures have not been restated for changes in the scope of consolidation as these were limited.
- A change of accounting method impacts two items, previously classified as exceptional items, now included in operating expenses: cost of stock options and contribution to deposit protection mechanism.
These two items amounted to €19m in 2002 (€13.2m in 2003).

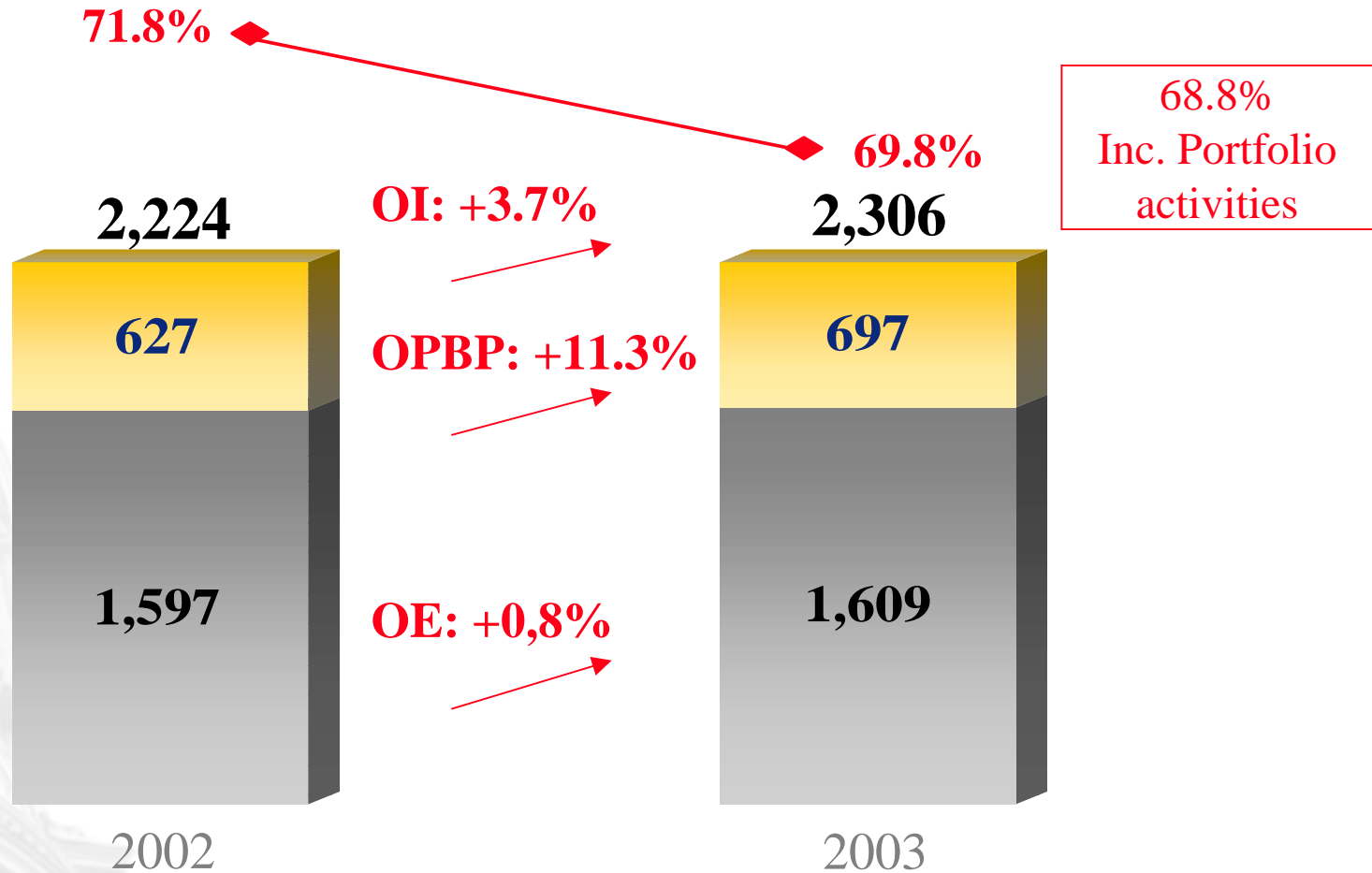
Comparison of 2003 results

In Million €

	2002	2003	Change	Exc. Portfolio activities		Portfolio activities	
				2003	Change	2003	Change
Operating Income	2,337	2,345	+ 0.4%	2,306	+3.7%	39	-65.9%
Operating Expense	-1,607	-1,614	+ 0.4%	-1,609	+0.8%	-5	-52.3%
Operating Profit before provisions	730	731	+ 0.2%	697	+11.3%	34	-67.2%
Risks costs and FGBR	16	-53	ns	-53	ns	0	ns
Attributable Net Profit	562	627	+11.7%	581	+9%	47	+62%
Net Profit (cash basis)	602	692	14.9%	645	+12.6%	47	+62%

Improvement of cost: income ratio (excluding portfolio activities) linked to a tight costs control

In Million €



◆ Cost: income ratio ■ Operating expenses ■ Operating profit before provisions

Customer risks increased but remained at a moderated level

	<u>2002</u>	<u>2003</u>
Customer risks (in M€)	-14	-148
Recovery on country risk provision	+38	+8
Other risks	+10	+2
RGBR	-18	+85
Total risks cost and RGBR	+16	-53

Default ratio (customers risks/customers loans):

- Including recovery on reserve for general banking risks (RGBR): 0.21%
- Excluding recovery on reserve for general banking risks (RGBR): 0.51%

Shareholders' funds, Capital Ratio, RWA and ROE

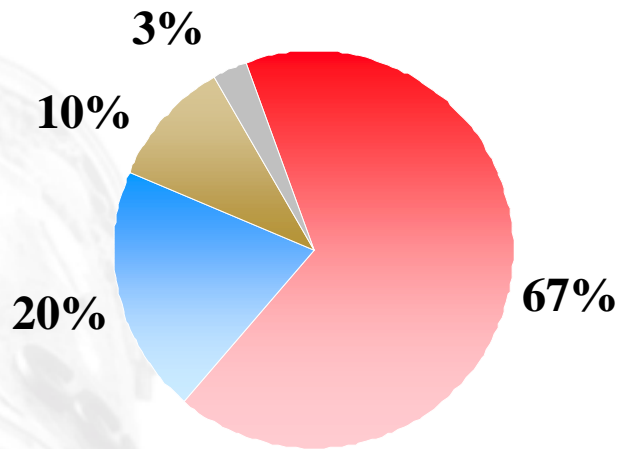
	2002	2003
Shareholder's funds : (Group Share) (euro billion)	3.3	3.4
Capital Ratio :		
Tier one	8.2%	8.8%
Global Ratio	8.6%	9.1%
RWA (euro billion)	36.2	34.8
ROWA	1.55	1.80
ROE	16.3%	18.1%
ROE (exc. RGBR)	16.8%	15.7%

Results by customer group

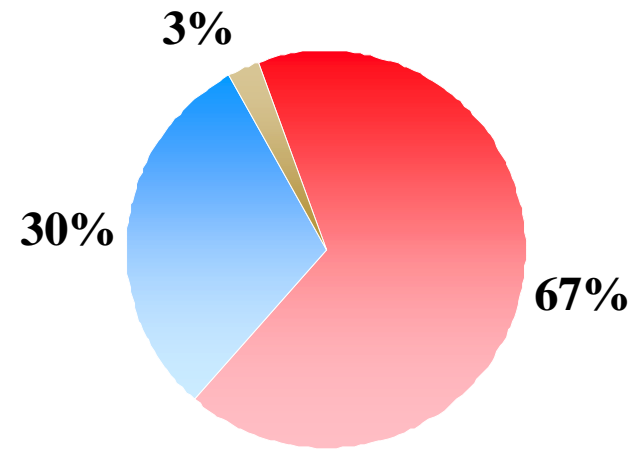



Results by customer group

Operating Income



Operating profit before provisions



 Retail and Commercial Banking

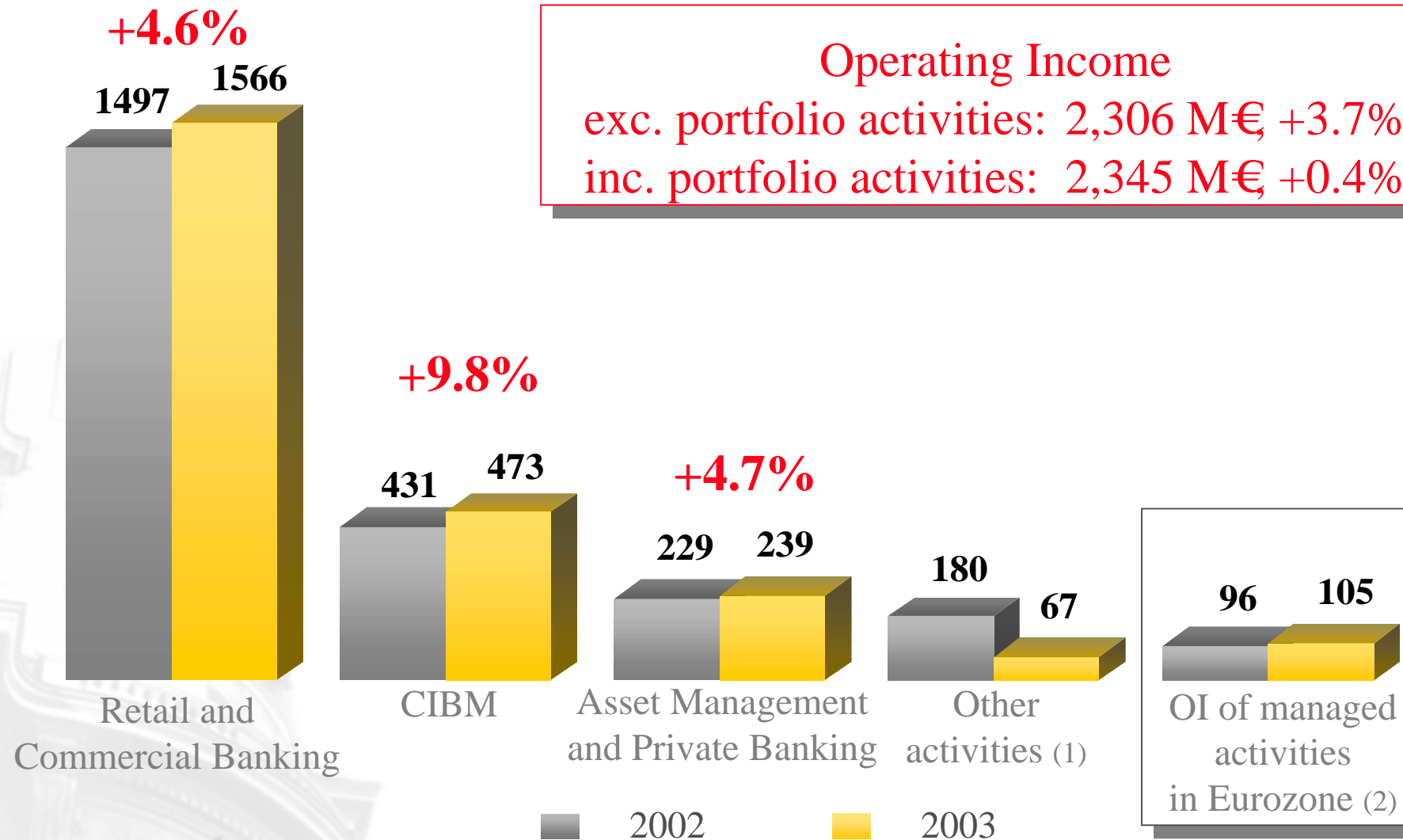
 CIBM

 Asset Management and Private Banking

 Other activities

Operating Income by customer group

In Million €



Operating Income
 exc. portfolio activities: 2,306 M€ +3.7%
 inc. portfolio activities: 2,345 M€ +0.4%

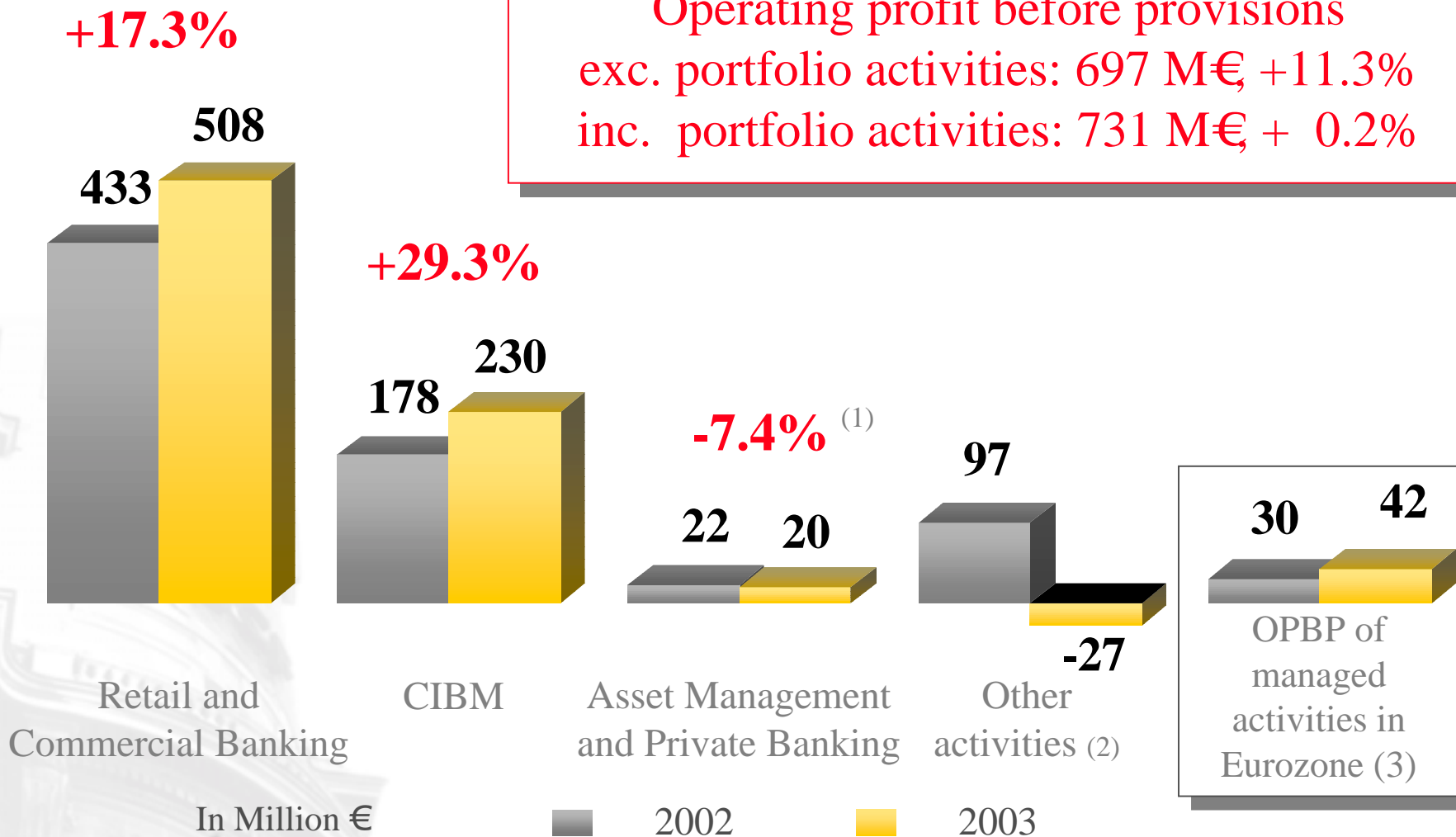
OI of managed activities in Eurozone (2)

(1) Portfolio activities, other activities and miscellaneous

(2) Eurozone branches managed by CCF: Belgium and Greece owned by CCF ; Spain, Italy, France and The Netherlands owned by HSBC Bank plc.

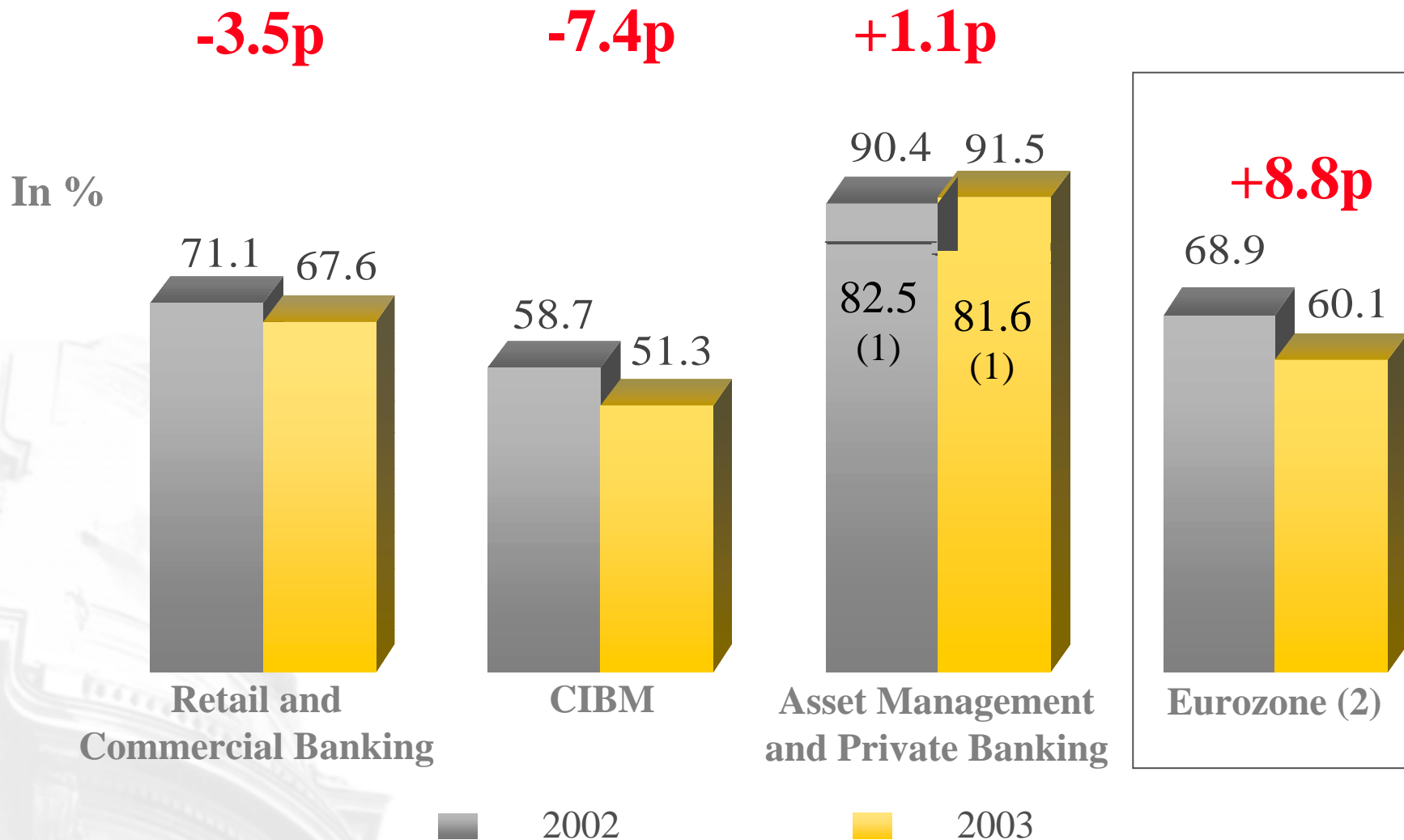
Operating profit before provisions by customer group

Operating profit before provisions
 exc. portfolio activities: 697 M€ +11.3%
 inc. portfolio activities: 731 M€ + 0.2%



(1) OPBP excluding costs of restructuring and costs of shares owned by some employees of Private Banking: +1%.
 (2) Portfolio activities, other activities and miscellaneous
 (3) Eurozone branches managed by CCF: Belgium and Greece owned by CCF ; Spain, Italy, France and The Netherlands owned by HSBC Bank plc.

Cost: income ratio by customer group



(1) Excluding costs of restructuring and costs of shares owned by some employees of Private Banking.

(2) Eurozone branches managed by CCF: Belgium and Greece owned by CCF ; Spain, Italy, France and The Netherlands owned by HSBC Bank plc.

Retail and Commercial Banking



Retail and commercial banking – 2003 highlights

- ▣ Some major commercial and financial successes, confirming the excellent strategic positioning of CCF's networks (Paris region, Mediterranean coast).

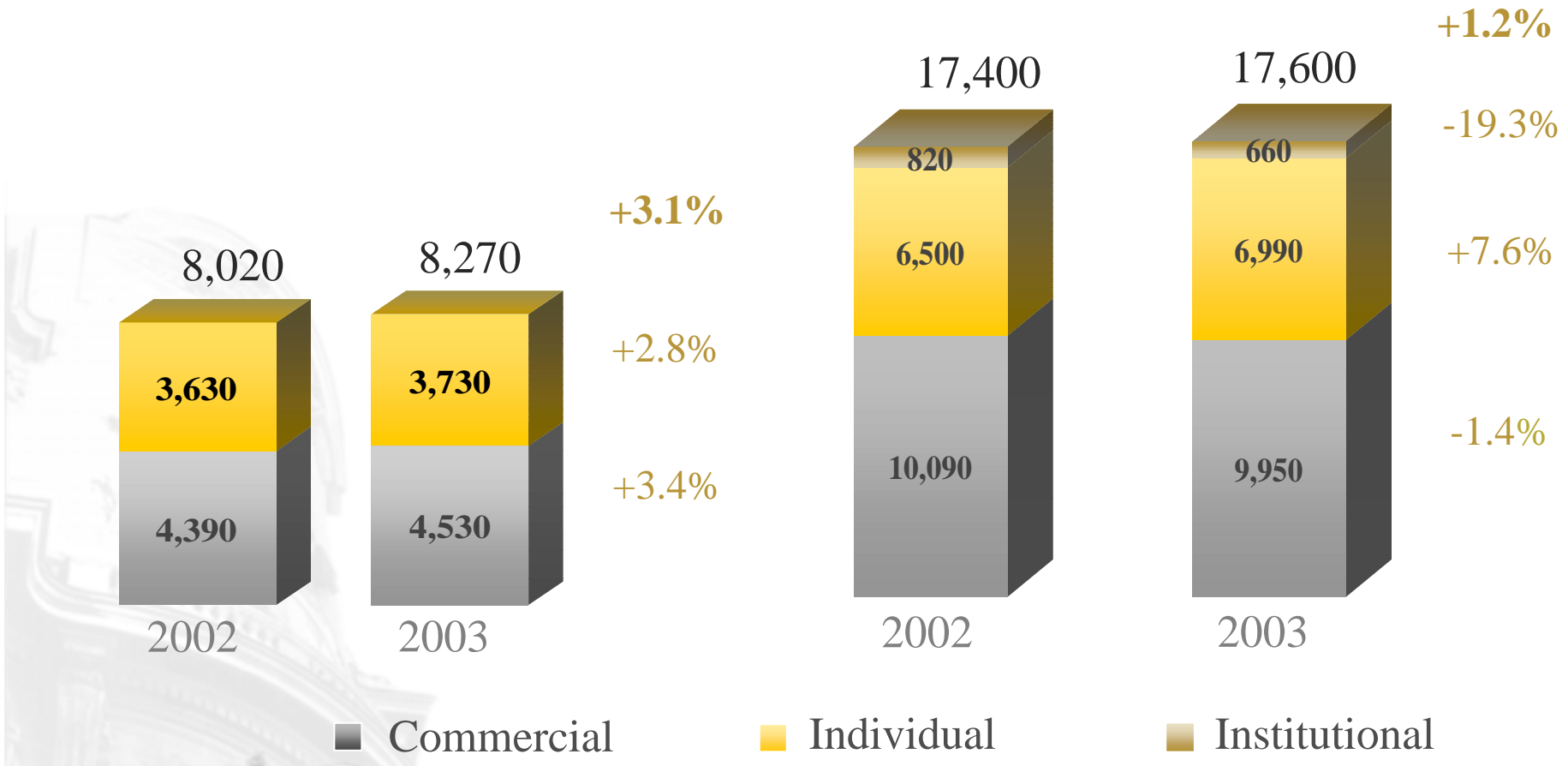
 - ▣ Operating profit before provisions up 17.3%, with a good contribution from both the CCF network (up 19.9%) and the regional banking subsidiaries (up 15.6%), due to:
 - 4.6% increase in operating income, with value added up 4.3%
 - 0.6% decrease in operating costs
- ↳ **Cost:income ratio down 3.5 percentage points to 67.6%**

Retail and commercial banking - Increase in volumes (average outstandings)

In million €

Sight deposits

Loans



Retail and commercial banking – 2003 highlights

- /// An aggressive commercial policy in strategic customer segments, supported by upgraded tools and systems.
- /// Personal banking
 - Loans to customers up 7.6%, with 11% growth in mortgage loans.
 - Increase in cross-selling.
 - Success of HSBC Premier: over 33,000 customers at end 2003, a rise of 27% over one year.
 - Launch of HSBC Premier Services International for the bank's most valuable international customers, both resident and non-resident.
 - Success of guaranteed funds developed by Sinopia, which offer protection against stock market fluctuations.

Retail and commercial banking – 2003 highlights

- ❧ Commercial banking: a differentiated offering to gain ground in a sluggish lending market
 - RTCs: Regional Treasury Centres (4 in France).
 - ✓ 400 customers now authorised to deal with the RTCs.
 - ✓ Strong growth in fee income, particularly through the development of derivatives.
 - ✓ Dedicated experts to strengthen the differentiated approach.
 - Trade services: good results despite a relatively poor economic climate
 - Payments and cash management (PCM)
 - ✓ 170 tenders won in 2003 (130 in 2002).
 - ✓ Key customer target: companies with turnover of more than €30 million.
 - Asset management: sharp increase in new inflows, through:
 - ✓ fund managers dedicated to companies in the Wealth Management Centres and development of a range of products offering varied investment opportunities.
 - ✓ structured products with capital protection, tailored to commercial customer needs.
 - Business cards up 20%, Visa Business up 12%.
 - ✓ CCF: up to 20% ; market up 12% (in number of cards).

Retail and commercial banking – 2003 highlights

Expansion of multi-channel banking

- Growth and success of the call centre
 - ✓ Development of an all-purpose branch through recruitment of tele-advisers, 75% of whom are drawn from the CCF branch networks.
 - ✓ Functions extended to include outgoing marketing calls as well as incoming calls.
 - ✓ Integration of the CRM tools used by the branch networks.
- Strong growth in e-banking customers
 - ✓ Penetration rate: 25% of all CCF retail network customers.
 - ✓ Use of ccf.fr: over 6 million log-ins in 2003, an increase of 37%.
- Development of e-banking products for commercial customers
 - ✓ Elys PC:
 - Elys Info Mail, direct alert service
 - e-bills of exchange and RIB management (account detail forms)
 - ✓ Strong growth in electronic certificates (up 125%)

Retail and commercial banking – outlook

Our target: increase penetration rate among target customer groups: high net worth individuals, quality companies, top CMBs.

- /// Strengthen commercial capability by opening 20 to 30 new branches in 2004.
 - /// Continued close collaboration between origination and distribution functions, to develop attractive products:
 - Develop new products following the pension reform (individual and group plans).
 - Develop new structured capital protection products to meet demand from wealth management customers.
 - Extend CIBM products to our ‘ top CMB’ customers, in association with our corporate banking & markets teams:
 - ✓ broaden the range of treasury management products (e.g. currency options).
 - ✓ develop specific financing operations.
 - /// Enrich product and service range, drawing on international synergies within the HSBC Group:
 - Open the first HSBC Premier branch on the Champs Elysées (1st half of 2004).
 - Step up marketing to international customers (HSBC Premier International Services).
 - Expand the cross-border relationship management service (French subsidiaries of international groups, foreign subsidiaries of French groups).
 - Develop cash management and trade services (launch of Elys Export).
 - Launch the Visa Multinational business card.
- A highly differentiated offering compared with domestic banks.

Retail and commercial banking – outlook

- /// Further develop multi-channel banking:
 - Increase capacity of the call centre.
 - Enrich the regional banking subsidiaries' e-banking services, particularly in online broking.
 - Open up Elys PC to companies with turnover of less than €15 million.
 - Step up marketing of Elys Certification to meet the need for secure e-banking transactions.
- /// Harmonise management systems throughout all networks, with the aim of pooling development costs while adapting to the specific commercial requirements of each bank.
- /// Planned restructuring of the branch distribution channel through:
 - Developing multi-channel banking.
 - Increasing efficiency of the branch network's commercial staff.

CIBM

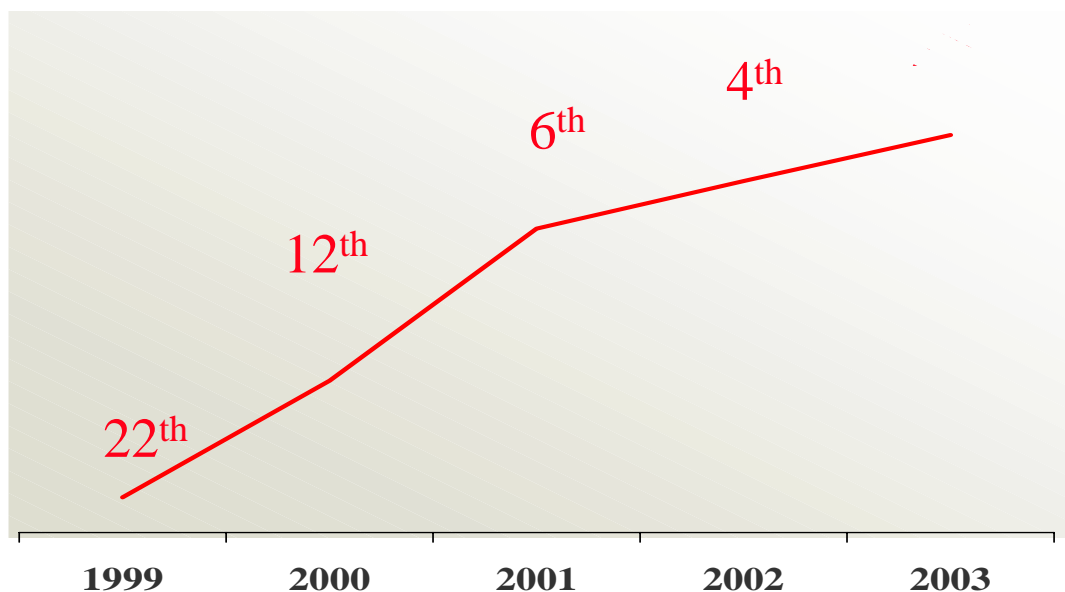


Corporate, investment banking & markets – 2003 highlights

- ▣ Operating profit before provisions up 29.3% driven by 9.8% growth in revenues.
- ▣ Cost:income ratio excellent at 51.3%.
- ▣ Financing activities (operating profit before provisions up 10.5%)
 - Excellent performance in structured finance and syndicated loans. HSBC CCF now ranks number four in the French Issuers Market-syndicated loans (Loanware dealogic)
 - Export finance affected by a weaker dollar and a decline in the number of contracts. However, HSBC CCF trade services reaped the benefits of its role as the HSBC Group's centre of expertise in structured trade finance.
- ▣ Fixed-income and global capital markets
 - Operating profit before provisions up 87.6%, driven by brisk activity in:
 - ✓ Interest rate derivatives for corporate and institutional clients in Europe and Asia.
 - ✓ Origination for Eurozone clients:
 - Further improvement in league table rankings
 - First 30-year bond issue for a French company (Michelin)
 - 'Financial News' awards for three euro issues: Altadis, Auchan and Veolia.
 - ✓ Government bond trading capability strengthened, helping increase market share among the HSBC Group's institutional clients.

Together, HSBC and CCF have achieved more than the sum of their previous operations...

Bondware Euro Corporate* Bonds League Table



Source Bondware

* All countries / excluding and exchangeables

Corporate, investment banking & markets – 2003 highlights

Investment banking

- Operating profit before provisions down to €7.5 million.
- Corporate finance:
 - ✓ Good level of activity in a persistently difficult market, driven by cross-border deals.
 - ✓ Strong performance in LBO : HSBC CCF, number two in the French LBO Market (Mergermarket ranking).
- Equities:
 - ✓ Market still sluggish
 - ✓ Major investment in the equity derivatives business, with HSBC CCF becoming the centre of expertise in this area for the entire HSBC Group.

Corporate, investment banking & markets – outlook

Our target: further accelerate the market share gain in our target customer groups by drawing on the strength and reputation of the HSBC Group.

- ❧ Consolidate the leadership position acquired in the fixed-income and forex capital markets by broadening our customer base.
- ❧ Offer services to an increasing number of Eurozone customers mainly in the business lines where the HSBC Group has a leading position, through:
 - An outstanding worldwide network.
 - Access to the electronic platforms developed by the Group (ex. e-SCS ; e-trade solutions).
- ❧ Broaden our customer base by a selective approach to the « Top CMB » segment with the help of the CCF networks.
- ❧ Further develop Investment Banking in line with the global strategy of the HSBC Group.
- ❧ Increase the contribution from HSBC CCF's new role as HSBC Group specialist in equity derivatives.



Asset Management & Private Banking

Asset management & private banking – 2003 highlights

- /// Good commercial performance but results affected by the cost of restructuring private banking.
- /// Total funds under management up 22.5% to €63.6 billion
- /// Asset management: net operating income up 12.1%, operating profit before provisions up 41.3%
Substantial new inflows both in France and abroad, led by synergies with the HSBC Group.
Funds under management up 29% to €47.3 billion (25% excluding market effect).
 - HSBC Asset Management Europe
 - ✓ FUM up 17.3% to €31.1 billion.
 - ✓ Strong inflows from corporate and institutional clients.
 - ✓ Distribution in Europe of Chinese and Indian products (HGIF Chinese Equity and HGIF Indian Equity), in which HSBC is world leader.
 - ✓ Industry awards: HSBC GIF Pan European Equity awarded best 5-year performance by La Tribune/S&P and ranked third by the Journal des Finances.

Asset management & private banking – 2003 highlights

Asset management (cont.)

- Sinopia

- ✓ FUM up 68.4% to €14.1 billion.
- ✓ Strong inflows in Hong Kong (€5.6 billion) following launch of capital protection funds.
- ✓ Successful collaboration with CCF's retail networks in structured capital protection products tailored to personal and commercial customers.

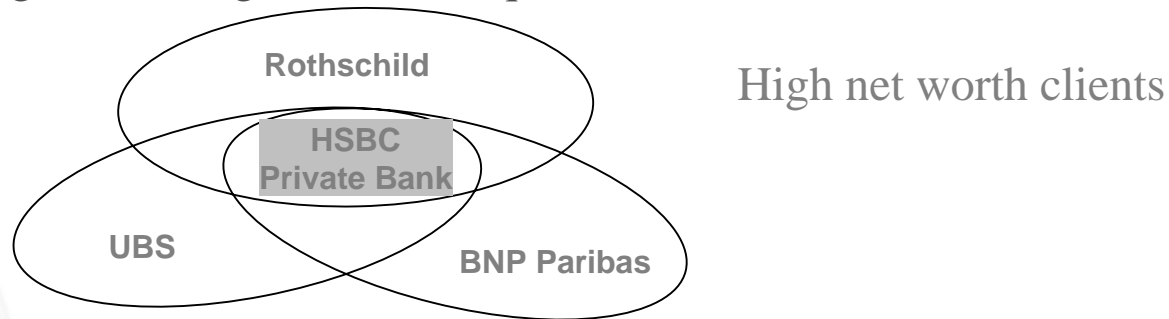
- HSBC CCF Epargne Entreprise (formerly Elysées-Fonds)

- ✓ New subsidiary, which complies with the CMF's new regulations, resulting from the merger between Elysées Fonds and Elysées Gestion after the buyout of the minority interests in Elysées Fonds.
- ✓ Marketing and administration structure drawing on HSBC Asset Management Europe's expertise in asset management for employee savings plans.
- ✓ Global approach (asset management, insurance, employee savings plans) for institutional, corporate clients and distribution networks.

Asset management & private banking – 2003 highlights

Private banking: net operating income down 1.4%, operating profit before provisions down 83.6%

- Four private banking subsidiaries (Eurofin, Banque du Louvre, HSBC Republic and CCF BPI) combined to create one of the biggest private banking specialists in France.
- Positioning in a strategic niche, unique in France:



- At the intersection between:
 - *Rothschild:* 'bespoke' services for wealthy French clients
 - *UBS:* the benchmark for international clients
 - *BNP Paribas:* strength of a network
- Creditable commercial performance given the context
 - ✓ FUM up 7.2% to €16.3 billion
 - ✓ Several industry awards for Louvre Gestion (S&P, La Vie Financière, Lipper fund and Mieux Vivre Votre Argent)
- Positive operating profit before provisions despite restructuring costs.

Asset management & private banking – outlook

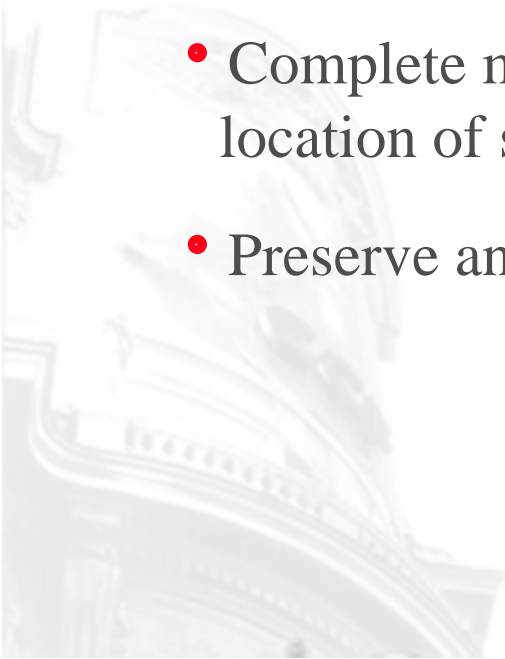
Asset management

- Following the « Loi Fillon », build a tailor-made product range for our customers, thanks to the tight cooperation between « Providers » (Erisa, Erisa IARD, HSBC CCF Epargne Entreprise, HSBC AME, Sinopia, HSBC Multi Manager) and « Distributors » (CCF's network and regional banks).
- Extend reach in continental Europe by opening a new office in Switzerland and strengthening the Spanish operation.
- Broaden the range of structured capital protection products developed by Sinopia.
- Simplify and rationalise HSBC AME's range.
- Develop partnerships with well-known national distributors in continental Europe.
- Strengthen cross-border marketing:
 - ✓ Sell euro products to non-European clients
 - ✓ Sell non Eurozone products to European clients.

Asset management & private banking – outlook

Private banking

- Develop a single product and service offering for strategic clients, by combining the complementary expertise of the four original private banking units.
- Complete merger by pooling resources and geographical location of staff.
- Preserve and develop the “Louvre Gestion” brand.



Organisation & Systems



Organisation and systems – 2003 highlights and outlook

- /// Continued integration with HSBC Group systems:
 - Rollout of HUB project (HSBC's universal banking system) on schedule, with migration of Banque de Picardie at end 2004.
 - Operational launch of HIE (trade services)
- /// Transaction processing:
 - First year of single back office for the CCF network, after consolidating its various administration centres.
 - Launch of a paperless cheque processing project, the first step in an ambitious project to create a 'paperless' bank.
- /// Development of a financial data warehouse for all CCF business units.
- /// Compliance with IAS and Basel II standards and regulations concerning prevention of money laundering and terrorism financing.

Eurozone



Eurozone – 2003 highlights and outlook

- ▣ CCF is responsible for managing CCF branches in Belgium, Greece, and HSBC branches in Italy, Spain, France and the Netherlands.
- ▣ 2003 results:
 - Operating profit before provisions up 40%, driven by a combination of 9.3% growth in operating income and a 4.6% decrease in operating expenses.
 - Excellent performance in corporate and investment banking activities, particularly in Italy and Spain.
 - Reduction in costs, due chiefly to discontinuation of Italian private banking activities.
- ▣ Outlook:
 - Continue to expand by refocusing on large corporates.
 - Step up marketing to financial institutions in Italy.
 - Draw further synergies from restructuring various business units in Belgium.

The challenge in 2004: in a highly competitive French market

/// Growth: Gain market share in target customer groups

/// Performance: Improve productivity

/// By leveraging:

- Our strategic positioning
- Our membership of one of the world's leading banking and financial services groups

Annexe



Consolidated balance sheet

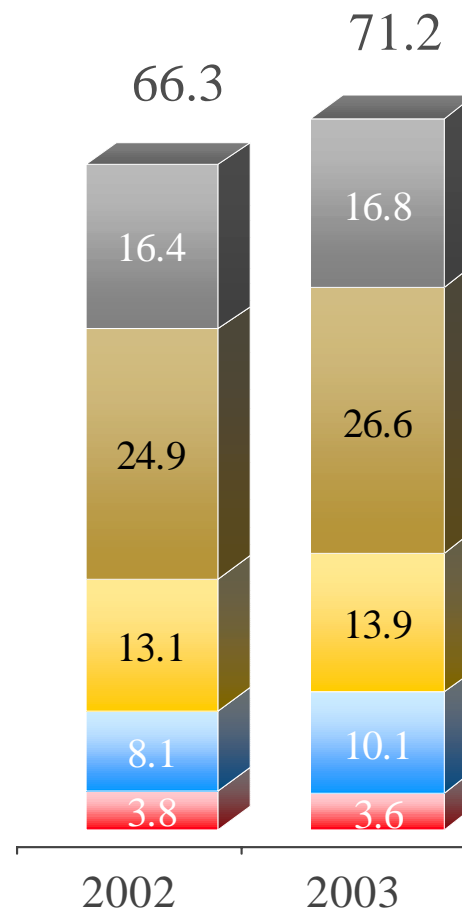
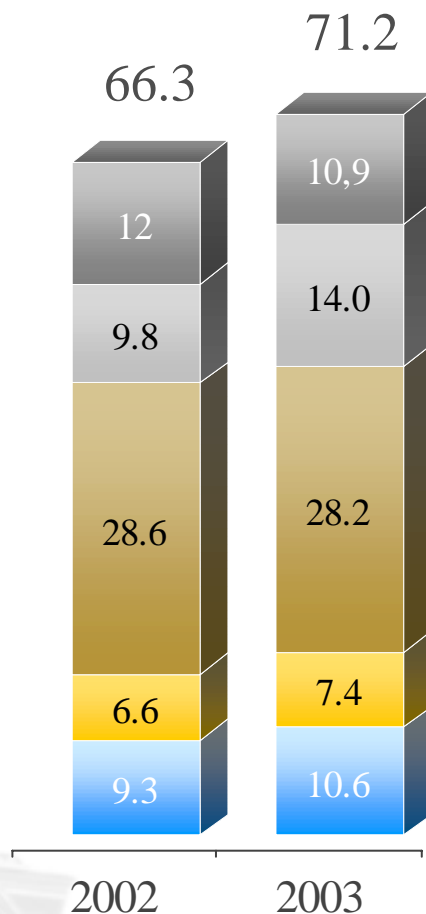
In billion €

ASSETS

LIABILITIES

- Treasury and Interbank Operations
- Government securities and equivalent
- Customers Operations
- Portfolio of trading securities
- Other assets (1)

- Treasury and Interbank Operations
- Customers Operations
- Other assets (2)
- Subordinated debts
- Shareholders' funds before appropriation of net income



(1) accruals, cash accounts and other fixed assets

(2) accruals, cash accounts and FGFR

Comparison of 2002 – 2003 results

In Million €

				Exc. Portfolio activities		Portfolio activities	
	2002	2003	Change	2003	Change	2003	Change
Operating Income	2 337	2 345	+0,4%	2 306	+3,7%	39	-65,9%
Operating expenses	-1 607	-1 614	+0,4%	-1 609	+0,8%	-5	-52,3%
Operating Profit before provisions	730	731	+0,2%	697	+11,3%	34	-67,2%
Provisions	34	-138	ns	-138	ns	0	ns
Gains (loss) on disposal of fixed assets	-30	32	ns	10	ns	22	ns
Other income from associates and joint ventures	16	16	0	9	ns	7	ns
Tax	-213	-44	ns	-28	ns	-16	ns
Exceptional items	87	10	ns	10	ns	-	ns
Goodwill amortisation	-40	-65	+ 61%	-65	ns	-	ns
RGBR	-18	85	ns	85	ns	-	-
Profit attributable to shareholders	562	627	+11,7%	581	+9%	47	+62%
Profit attributable (before goodwill amortisation)	602	692	+14,9%	645	+12,6%	47	+62%