

HSBC in France en 2007

Press Conference - 3 March 2008



Votre banque, partout dans le monde

Important information

This presentation may contain forward-looking statements relating to HSBC France's financial position, operational results and business.

These forward-looking statements reflect HSBC France's forecasts or opinions relating to future developments. Risks (both known and unknown) and uncertainties may cause results, performance and events to differ substantially from those presented or implied in these statements.

The numbers disclosed in this presentation are reconciled with the consolidated data (corresponding to the legal perimeter) which forms the basis of the audit by the commissaires aux comptes.

Unless otherwise mentioned, the financial data in this presentation are IFRS-compliant and relate to HSBC's scope of activity in France. This format is used by the HSBC Group to measure HSBC France's performance.

Very good financial results in a year of major change



HSBC 

Votre banque, partout dans le monde

Very good financial results in a year of major change

Highlights and Context

- **HSBC : a growing awareness of a dynamic brand**
 - **Globally : HSBC has progressed to being the 23rd most valuable brand in the world ⁽¹⁾ and is considered to be the world's most valuable banking brand according to *The Banker Magazine – 'Top 500 Bank Brands 2008'***
 - **in France**
 - **Global awareness of around 60% amongst target clients ⁽²⁾, compared with 16% in November 2005 which increases to more than 75% in the Paris region**
 - **considered the most dynamic bank by more than 65% of our target clients ⁽²⁾ and by more than 80% of our actual clients**
- **The acquisition of Erisa, renamed HSBC Assurances France, is consistent with the HSBC Group strategy of developing its Insurance business.**
- **Successful implementation of new IT systems, HUB for the Retail Banking and BIMAS for HSBC Private Bank.**
- **More than US\$ 460M of revenues generated by HSBC in France for the benefit of other parts of the HSBC Group in 2007.**
- **In the current market turmoil, HSBC France has no direct exposure to US sub-prime and the liquidity crisis had little impact on 2007 results.**

(1) Source : Interbrand – Business Week

(2) source: Synovate survey – December 2007 – sample size of 300 with an annual revenue equal or higher than 36K€

Very good financial results in a year of major change

US\$ 1,3 Bn of PBT in 2007

► HSBC France (M€) ⁽¹⁾

	2 006	2 007	vs 2006
Total Operating Income before loan impairment charges	2 642	2 924	10,7%
Loan impairment charges	-10	-52	ns
Net Operating Income	2 632	2 872	9,1%
Operating Expenses	1 834	2 033	10,9%
Profit Before Tax	817	905	10,8%

Cost Efficiency Ratio	69,4%	69,5%
Return on Average Invested Capital ⁽²⁾	14,4%	

- A growth in revenues in a difficult economic and market environment since the summer, the result of strong business development in all businesses.
- Excluding impact of non recurring exceptional items (PEL charges, capital gains on disposal, acquisition of Erisa), the increase in Operating Income was 4.5%.
- An increase in Operating Expenses, reflecting investment in 2007 in growth of the business. Excluding non recurring exceptional items, the increase was 6.6%.
- Continued very low loan impairment charges, especially in Retail Banking (18 bp).
- A strong financial structure with a Tier One Capital Ratio of 8.86% and a Liquidity Ratio of 124% at the end of 2007.

(1) In this presentation, figures comprise the results of the HSBC France group together with HSBC Bank plc Paris Branch (excluding intergroup funding costs) less intergroup capital gains

(2) Legal perimeter

Very strong financial results in a year of major changes

Global Banking and Markets

- A growth in revenues in volatile markets and an increased cost of liquidity.
- Satisfactory results of Global Banking, with excellent progress in developing the business with large French corporates in France and internationally.
- Development of the specialised platforms established in Paris contribute to the success of the HSBC Group:

HSBC Global Market - « Interest Rate Derivatives House of the Year » - *The Banker (October 2007)*

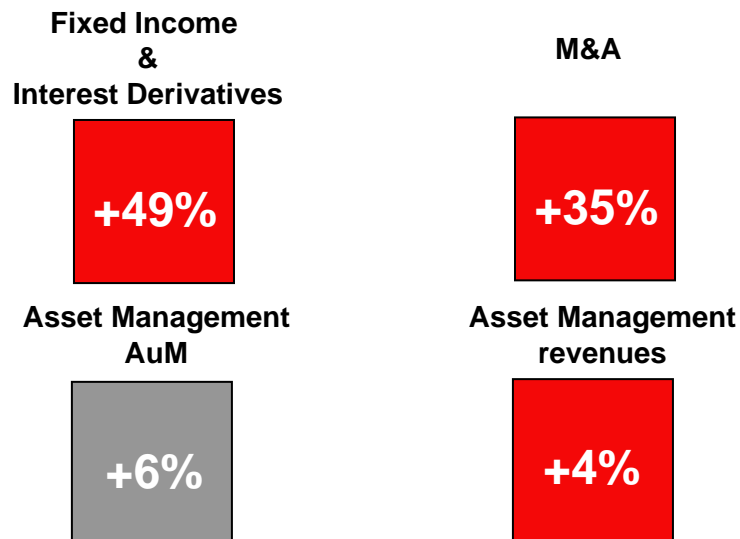
HSBC Global Markets - « Rate House of the year » - *mtn-i (Global MTN Awards 2007)*

- In Asset Management, a growth in AuM of 6%:
 - Sustained development with Institutional clients offsetting the outflows from corporates
 - Strong innovation demonstrated by the specialised Asset Management subsidiaries (Sinopia and Halbis)

Global Bank & Markets (M€) ⁽¹⁾	2007	% vs 2006
Total Operating Income before loan impairment charges	1 131	20%
<i>Exc. Gains on disposals *</i>		14,5%
Profit Before Tax	530	17%
<i>Exc. Gains on disposals *</i>		3,5%

• Private equity disposals not excluded

▶ Progress in revenues from value-added activities



(1) In this presentation, figures comprise the results of the HSBC France group together with HSBC Bank plc Paris Branch (excluding intergroup funding costs less intergroup capital gains)

Very good financial results in a year of major change

Retail Banking

- o Strong momentum in new customer acquisition in our targeted strategic segments resulting in significant growth in volumes

- o PFS :

More than 90,000 new clients

70% in our targeted segments in the HSBC France network

Doubled the growth in new « student » customers via partnerships with 120 business schools.

Outstandings : Deposits : +8%
Loans : +15%
Life Insurance : +11%

- o CMB :

Net growth of the client basis : +6%

Outstandings: Deposits : +22%
Loans : + 19%

- o Insurance :

A growth in premiums of 9% despite a decrease in the overall insurance market of 3% (2)

PFS (M€) ⁽¹⁾	2007	% vs 2006
Total Operating Income before loan impairment charges	957	7,5%
Profit Before tax	130	-17%

CMB (M€) ⁽¹⁾	2007	% vs 2006
Total Operating Income before loan impairment charges	715	2%
Profit Before Tax	148	-20%

- o Retail Banking : disappointing PBT despite

- o the significant contribution from Insurance in PFS
- o the significant growth in volumes and the improvement in credit margin towards the end of the year in CMB
- o The continuing low level of loan impairment charges (18bp)

Which did not offset competitive market pressures and the increase in costs.

(1) In this presentation, figures comprise the results of the HSBC France group together with HSBC Bank plc Paris Branch (excluding intergroup funding costs less intergroup capital gains)

(2) Source FFSA – January 2008

Very good financial results in a year of major change

Private Bank

- New money from private clients grew by +11,4% sustained by referrals from HSBC retail banking in France.
- AuM : €11,7 Bn, slight fall compared to 2006 linked to outflows from corporates
- Continued development with the Group on international business (+ 170%)
- Success of offers :
 - Structured products (outstandings x 2)
 - Alternative funds launched in partnership with the Group (+ 70%)
- Continued strong growth in :
 - Lending (+19,5%)
 - Life insurance (+7%).
- Good performance of Funds : (awards)
 - Corbeilles Mieux Vivre Votre Argent: ranked 2nd – specialised banks
 - Grands Prix de la Gestion d'Actifs (Agefi) : ranked 1st for Patrimoine funds.

Private Banking (M€) ⁽¹⁾	2007	% vs 2006
Total Operating Income before loan impairment charges	107	2%
Profit Before Tax	18	5%

- Growth in revenues of 2% (9% excluding capital gains) due to the development of added value products.
- Good cost control contributed to increase in PBT of 5%

(1) In this presentation, figures comprise the results of the HSBC France group together with HSBC Bank plc Paris Branch (excluding intergroup funding costs) less intergroup capital gains